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Denmark	7.00 D.Kr.	Libya	L.Din. 0.35	Spain	100 Ptas.
Egypt	100 P.	Luxembourg	40 L.Fr.	Sweden	6.00 S.Kr.
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U.S., Egyptian Aides Split Over Prospect Of Israeli Pullout

By Judith Miller
New York Times Service

CAIRO — Egyptian and U.S. officials are in disagreement about whether a breakthrough is imminent in efforts to bring about the withdrawal of Israeli forces from southern Lebanon.

The disagreement emerged Sunday after the U.S. defense secretary, Caspar W. Weinberger, held a 90-minute meeting with President Hosni Mubarak here.

Osama el-Baz, Mr. Mubarak's senior foreign policy adviser, said that significant progress had been made in the last few days in U.S.-sponsored efforts to reach an agreement between Israel, Syria and Lebanon on the withdrawal of Israeli forces.

The talks, he said, are at a crucial stage and withdrawal could begin within "six months, more or less."

But U.S. officials promptly denied that any progress had been made, or that the United States was playing a major role in mediating among the parties.

Mr. Weinberger, asked about Mr. Baz's comments, said: "I'm a California optimist. But I haven't seen any signs of significant progress other than statements being made by Israel and Syria themselves."

[Mr. Weinberger arrived in Israel Monday for two days of talks with Israeli leaders who are seeking more financial assistance for its military programs, Reuters reported. He was welcomed in Tel Aviv by Defense Minister Yitzhak Rabin and the chief of staff, Lieutenant General Moshe Levy.]

Other U.S. officials also discounted Mr. Baz's assessment. They said that the Israeli prime minister, Shimon Peres, had discussed the situation in southern Lebanon during his recent visit to Washington, but that it was the administration's view that Israel and Syria were still far apart.

Mr. Baz made his remarks during a briefing for reporters about Mr. Mubarak's meeting with Mr. Weinberger.

He said that efforts to end Israeli occupation of southern Lebanon had been a major topic of discussion at the meeting. He reiterated Egypt's view that an Israeli withdrawal was a prequisite for a thaw in the "cold peace" between Israel and Egypt that has persisted since Israel's invasion of Lebanon in June 1982.

In the talks, Mr. Mubarak was said to have urged Mr. Weinberger to improve relations with Jordan and to reconsider the sale of Stinger anti-aircraft missiles to King Hussein's government.

Relations between Amman and Washington have been strained since last April, when Hussein criticized U.S. policy in the Middle East. The criticism that prompted the Reagan administration to cancel plans for the weapons sale.

Administration officials said Sunday night that the United States had no plan to reconsider the sale of Stingers to Jordan at this time.

Mr. Mubarak's plea came two weeks after Jordan restored full diplomatic relations with Egypt, which it had severed in 1979.

Mr. Baz said that in addition to discussing southern Lebanon, Mr. Mubarak and Mr. Weinberger had conducted an overall review of military cooperation between Cairo and Washington.

■ Links Satisfy Weinberger

Mr. Weinberger said Monday he was satisfied with the strength of Egyptian-U.S. relations, and vowed to promote military cooperation between the two countries, United Press International reported from Cairo.

Speaking before leaving for the Sinai desert to visit a multinational peacekeeping force, Mr. Weinberger said he hoped that Egyptian and U.S. armed forces would hold more joint military maneuvers.

■ Assad Arrives in Moscow

President Hafez al-Assad of Syria arrived Monday in Moscow for a visit that coincides with apparent Soviet efforts to boost the Kremlin's role in the Middle East, The Associated Press reported from Moscow.

Tass said Mr. Assad, who made his last official trip to Moscow in November 1982 for the funeral of Leonid I. Brezhnev, was met at the airport by Prime Minister Nikolai A. Tikhonov and Foreign Minister Andrei A. Gromyko.


The Associated Press · UPI

Guillermo Ungo, a negotiator for the Salvadoran rebels, gestured as he and a colleague, Rubén Zamora, discussed the talks at San Salvador's airport. President José Napoleón Duarte, right, traveled to La Palma on Monday.

Duarte, Rebels Offer Proposals As Peace Talks Start in Salvador

By Reid G. Miller
Associated Press

LA PALMA, El Salvador — President José Napoleón Duarte and guerrilla leaders presented proposals Monday as they opened the first peace talks since El Salvador's civil war began five years ago.

Mr. Duarte and his aides met the rebel leaders at a church, out of sight of the thousands of people thronging the streets.

While the negotiations continued, government spokesmen announced the proposals Mr. Duarte was making to the rebels on national television and over a loudspeaker in the crowd in La Palma.

They included a general amnesty if the rebels agreed to participate in the democratic process, the right of free association and political activity, and a guarantee against reprisal by the army and security forces.

The statement stopped short of calling for a cease-fire, and apparently offered no guarantee of protection from rightist "death squads."

Mr. Duarte also proposed a commission of six persons from each side to plan further meetings.

The guerrillas distributed a document in La Palma that claimed to contain five points their leaders were discussing.

The document called for an immediate end to government military operations and aerial bombardments of civilian targets; a general increase in workers' salaries; the right to life, dignity, health and education for all Salvadorans; release of all captured prisoners, and an accounting of the missing, and justice for "criminals of war."

Father Gregorio Rosa Chavez, the auxiliary archbishop of San Salvador, stepped from the church 90 minutes after the meeting began and told the crowd: "The talks are going normally."

Mr. Duarte and his party arrived first for the talks, pushing their way through the crowd in the main square. They were greeted at the church by Archbishop Arturo Rivera y Damas of San Salvador and other officials of the Roman Catholic Church, who are serving as witnesses to the talks.

Minutes after the government party entered, the rebels arrived at the rear of the church. They were brought quickly around to the front for a similar greeting and hurried inside. The doors swung shut again and the meeting began.

The rebels' negotiators included two civilians, Rubén Zamora and Guillermo Ungo. Both are officials of the Democratic Revolutionary Front, the political arm of the rebel movement.

They were joined by three representatives of the Farabundo Martí National Liberation Front: Ferman Cienfuegos, commander of the Armed Forces of National Liberation; Facundo Guardado, a member of the guerrilla coalition's directorate, and Lidia Díaz, identified as a guerrilla adviser.

[Joaquin Villalobos, leader of the largest guerrilla group, the People's Revolutionary Army, announced over the rebel Radio Venceremos that he was unable to take part, Reuters reported.

["I sincerely regret not being present at this important event," Mr. Villalobos declared in the broad-

(Continued on Page 2, Col. 7)

Rivals at Talks Share Similar Backgrounds

By Richard J. Meislin
New York Times Service

MEXICO CITY — Monday's meeting between President José Napoleón Duarte and leaders of the Salvadoran left was not one between an established government and peasants in arms but among men with similar backgrounds who have in some cases been friends and colleagues.

Mr. Duarte and the leftist political leaders — Guillermo Ungo and Rubén Zamora — had all been advocates of peaceful change in El Salvador's dictatorial ruling structure in past years, but gradually veered to sharply different paths in their efforts to adjust their country's social inequities.

The younger military leaders, Ferman Cienfuegos and Joaquin Villalobos, moved to armed opposition against the government earlier in their lives, but they too come from middle-class backgrounds.

[Mr. Villalobos did not attend Monday's opening session of the talks, Reuters reported.]

Mr. Duarte is by training an engineer; Mr. Ungo and Mr. Zamora, lawyers. All were sent for their education to schools outside their country, as has been the custom among Salvadoran families able to afford to do so.

Mr. Cienfuegos is a poet and former professor of art history; Mr. Villalobos was an economics student at the National University when he left to become involved in political activity.

Their roles as key representatives in the meeting in the town of La Palma, in a northern region where the guerrillas have been active, recalls the assessment of the Mexican social critic and writer Gabriel Zaid: "Those on top cannot agree about how to treat those on the bottom: This is the conflict that makes Salvadoran blood run."

Mr. Ungo, the president of the Democratic Revolutionary Front, was Mr. Duarte's vice presidential running mate in the elections of 1972. They were prevented from taking office by the military, which had Mr. Duarte beaten up and exiled both of them from the country. Mr. Ungo was able to return in 1974; Mr. Duarte did not come back until after a coup by younger military officers in late 1979.

Mr. Zamora played an active role in the early 1970s in El Salvador's Christian Democratic Party, which Mr. Duarte had helped to form in 1960. He also served as minister of the presidency — a post similar to chief of staff — in the civilian-military junta formed after the October 1979 coup.

Both Mr. Ungo and Mr. Zamora resigned from the government early in January 1980, along with dozens of other high officials, protesting the slow rate at which the provisional government was acting to bring about social improvements and quell the country's violence.

After repeated death threats, Mr. Ungo fled the country in the next month. Mr. Zamora left the country soon after, following the murder of his brother Mario, who was then attorney general, by a rightist death squad that invaded his home during a dinner party.

Later in the year, Mr. Zamora helped to found the Popular Social Christian Movement, which was composed largely of disaffected former Christian Democrats.

It was after their departure from the government that Mr. Duarte began the political rise that led him to the presidency, and they have in the past expressed bitterness over Mr. Duarte's decision to join the government when the people who they believed were more committed to change were leaving. Mr. Duarte

(Continued on Page 2, Col. 6)

3 Immunologists Share Nobel Prize

Award in Medicine Is for Research on System of Antibodies

United Press International

STOCKHOLM — Three scientists from Denmark, West Germany and Argentina shared the 1984 Nobel prize in medicine Monday for research into the body's immune system.

Their research helps diagnose AIDS, or acquired immune deficiency syndrome, and is considered potentially important for treatment of viral diseases and cancer.

The Swedish Karolinska Institute announced that the $190,000 Nobel prize in physiology or medicine, its official title, was shared by a London-born Dane, Niels K. Jerne, Georges J.F. Köhler of West Germany and César Milstein of Argentina. Dr. Milstein holds British nationality.

Dr. Jerne, 73, the leading theoretician in immunology during the past 30 years, was honored "for a basic theory on the unique system in which our body protects itself against infection," said Erling Norby, an official of Karolinska Institute.

The institute said Dr. Jerne had solved problems concerning the immune response, which defends the body against bacteria, virus and other micro-organisms.

His work is considered "a starting point of modern cellular immunology," it said.

"Jerne's work is so important that no immunologist in the world can do without it," said a Nobel committee member, Goran Moller, adding that together with the two other laureates, it constitutes a major key to biotechnology.

Dr. Köhler, 38, and Dr. Milstein, 57, "tested experimentally and found Jerne's theory to be correct," the head of the Nobel committee, David Ottoson, said.

Dr. Köhler and Dr. Milstein have developed a technique described as "one of the most important methodological advances in biomedicine during the 1970s," an institute spokesman said.

The three scientists were cited by the institute for theories concerning "the specificity in development and control of the immune system" and the discovery of "the principle for production of monoclonal antibodies."

"The development of monoclonal antibodies is the important tool not only in the present use for diagnostics but promises future treatment in various areas, including viral and cancer diseases," Mr.

(Continued on Page 2, Col. 5)


UPI

César Milstein, above, and Georges J.F. Köhler, left, with Niels K. Jerne, who shared the Nobel Prize in medicine for their research.

The Associated Press

Detroit Wins World S[illegible]ries

Kirk Gibson of Detroit watches the[illegible]er deck in the first inning, [illegible]st of two home runs he hit Sunday sail to the right field u[illegible]ego Padres, 8-4, to win their as the Tigers defeated the San[illegible] four games to one. Page 21. first World Series since 1[illegible]

U.S. Airlines Inaugurate Air-to-Ground Telephone

New York Times Service

NEW YORK — An era in communications began Monday with the inauguration of pay telephones on airborne commercial jets.

Passengers on 20 wide-bodied jets owned by six airlines will now be able to call anywhere in the United States while flying across the continent. The service, which is expected to be greatly expanded in the coming months, uses cordless phones cradled in wall-mounted consoles. There are to be four on each plane.

Callers will briefly insert a major credit card into the console and then can take the telephone back to their seats for conversations of up to 45 minutes, a period limited by the ground receiving stations. "It's just like a pay phone, only smaller," said Sandra K. Gocken, corporate affairs director for Airfone Inc., an Illinois concern that says it is the only company supplying the equipment to commercial airlines.

The cost will be $7.50 for the first three minutes and $1.25 for each additional minute — double the cost of a regular telephone call to Europe and about the same as one to Japan.

The phones use radio waves, transmitted via two small antennae mounted on the underside of each plane. Initially calls will be made only from the air, but the equipment is capable of receiving phone calls from the ground.

The telephone system has been installed on an experimental basis, before the Federal Communications Commission determines whether to allocate the frequencies permanently.

The airlines offering the system Monday were American, Delta, Northwest, Republic, TWA and United. Eastern, Pan American and Air One will get the equipment later.

American Airways, which has equipped two DC-10s, plans to introduce the service on all 59 of its wide-bodied jets, at the rate of two in four a month, according to an airline spokesman. Eastern is planning to equip its 58 wide-bodied jets next year.

U.K. Police Declare Alert After IRA Bomb

Compiled by Our Staff From Dispatches

LONDON — Police cordoned off Downing Street, the official home of Prime Minister Margaret Thatcher, on Monday after she narrowly escaped injury in a bombing last week.

Officials said the Houses of Parliament and all government and military establishments were put on "black alert," a high alert status.

Police said the bombing Friday in a hotel in Brighton in which Mrs. Thatcher and other members of the Conservative government were staying may have been the start of a new Irish Republican Army offensive.

Four people died in the explosion, including one member of Parliament, and 32 were injured, including Trade and Industry Secretary Norman Tebbit. The Conservative Party was holding its annual conference in the town.

The IRA took responsibility for the attack, saying its objective was to wipe out the cabinet and trigger a political crisis to force Britain to withdraw from Northern Ireland.

Brighton police said they were checking the guest lists of the Grand Hotel at Brighton after pinpointing the location of the bomb.

They were working on the theory that the bombers might have checked into the hotel and planted explosives several weeks ago.

Police questioned staff at the hotel and construction workers involved in a refurbishment program, completed just before the start of last week's conference.

Two men detained over the weekend were ruled out Sunday as suspects in the bombing, but a Brighton police spokeswoman said they were still being held "and may be charged, but only with minor offenses." She did not elaborate.

Police guarded the casualties in Brighton's Royal Sussex County Hospital after a man with an Irish accent telephoned claiming that a bomb had been planted in a hospital in Brighton. Bomb disposal teams searched the hospital, but found nothing.

In London, police manned barriers closing off Downing Street.

Extra police were on duty outside government buildings, and people entering Parliament, where the House of Lords reconvened after the summer recess, had to undergo identity checks. The House of Commons reconvenes Tuesday.

The biggest potential headache for the security forces is the state opening of Parliament on Nov. 6, when Queen Elizabeth delivers a speech from the throne of the House of Lords.

Mrs. Thatcher said Monday that the attack would not alter the British tradition of government contact with the public.

"We must never, never, never be stopped from going among the people by a few men of violence, because that is just what they want," Mrs. Thatcher said in a live television program.

Since the bombing, there has been speculation that public figures would have to abandon their usually relaxed attitude toward mingling with the public, particularly at such open events as party conferences.

During a church service on Sunday, "It just occurred to me that this is a day I was not meant to see, and some of my dearest friends are not seeing this day."

Government officials said Mrs. Thatcher would go ahead with a planned meeting next month with the Irish Republic's prime minister, Garret FitzGerald.

The meeting will be crucial to Mr. FitzGerald's efforts to develop a British-Irish effort to produce a new constitutional initiative to end 15 years of bloodshed in Northern Ireland in which nearly 2,400 people have been killed.

In Ireland, police said an investigation into an IRA robbery that killed a police officer led to the discovery of sophisticated bomb-making equipment under the floorboards of a house in Lusk, a village 15 miles (24 kilometers) north of Dublin.

A police spokesman said police believed they had discovered a major IRA bomb-making operation. But there was no clear evidence linking the equipment, which included remote-control and timing devices, to the hotel bombing, the spokesman said. *(AP, Reuters)*

INSIDE

A Turk's Journey Into Terrorism: The Story Behind Mehmet Ali Agca

By Michael Dobbs
Washington Post Service

ISTANBUL — The story of the plot to kill the pope begins in this city where Europe meets Asia, the historic crossroads between East and West.

The date: June 25, 1979. The scene: the Marmara café, a rightist student haunt on the European side of the Bosporus. The police burst in, cornering a scruffy 21-year-old youth who is nonchalantly playing cards.

"I did it. I acted alone," the youth readily confesses when charged with the assassination of Turkey's most prominent newspaper editor. Sent to the country's most secure military prison, he escapes five months later.

A year and a half afterward, the scene shifts to St. Peter's Square in Rome, where the pope is holding his weekly open-air audience. Suddenly two shots ring out above the crowd, hitting him in the shoulder and abdomen.

Despite the pandemonium, the gunman is caught. He boasts to his interrogators: "I acted alone."

It is now known that Mehmet Ali Agca did not act alone — either in Istanbul or in St. Peter's Square. Later this month, after an investigation of more than three years, an Italian judge is expected to issue formal indictments against up to eight alleged accomplices in a conspiracy to murder Pope John Paul II on May 13, 1981.

The suspects are said to represent backgrounds as strange as any John le Carré novel: a gang of rightist Turkish political thugs, an international smuggling ring known as the "Turkish mafia" and the Bulgarian secret service. In the background, according to the Italian state prosecutor, was a "politician of great power" who allegedly plotted the assassination of the Polish-born pontiff to safeguard "the higher needs of the Soviet bloc."

Much of the evidence in the case comes from Mr. Agca, on thousands of individually signed typewritten pages. His confessions provide the key element in attempts to demonstrate that the plot to kill the pope can be traced to the Kremlin.

The Man Who Shot the Pope

First of four articles

The question of Mr. Agca's credibility is likely to dominate the trial. The prosecution is expected to maintain that, despite some lapses, the pope's would-be assassin has earned the right to be believed after providing accurate details about his alleged co-conspirators. The defense can be expected to maintain that he has lied so often that his testimony is worthless.

Details that have filtered from interlocking judicial investigations in Italy and Turkey over the past few months suggest that the truth is more complex than the one-dimensional picture presented by commentators of both left and right. What emerges is not a definitive conclusion but a series of significant pointers.

Mr. Agca associated with a group of youths from the Malatya region of eastern Turkey connected with the Gray Wolves, a rightist guerrilla organization. Until the declaration of martial law in Turkey in September 1980, this group operated almost entirely inside the country.

There is evidence that the Malatya subgroup of the Gray Wolves killed the prominent Turkish newspaper editor, Abdi Ipekci, in Istanbul in February 1979. Mr. Agca first confessed to this murder, then retracted this confession.

There are many similarities between the murder of Mr. Ipekci and the attack on the pope. In both cases, Mr. Agca seems to have acted as the protégé of a more influential Gray Wolf from Malatya, Oral Celik. Under interrogation, Mr. Agca, both in Turkey and Italy, changing his testimony repeatedly, apparently to protect his associates.

Italian investigators have failed to turn up evidence directly linking the pope's attacker to the three Bulgarian officials accused of being his co-conspirators. Mr. Agca's credibility has been questioned by magistrates in Italy and Turkey.

A necessary backdrop is provided by the events of the turn of the decade. Upheavals in the pope's native Poland were sending ripples through the Soviet bloc. Turkey, a key U.S. ally, seemed on the brink of civil war, with arms and ammunition being smuggled to both sides via its neighbor, Bulgaria. Italy, recovering from a wave of terrorism, was mired in judicial and political scandals.

Onto this stage came Mr. Agca, born in 1958 and brought up in the town of Malatya, capital of Turkey's most backward and easternmost province.

The Agca family had settled in Yesiltepe, a shantytown outside Malatya, and in high school Meh-

(Continued on Page 7, Col. 1)

Nakasone Faces Little Challenge to Leadership Post

By Clyde Haberman
New York Times Service

TOKYO — Polls and other indicators here suggest that Prime Minister Yasuhiro Nakasone is likely to be re-elected as head of Japan's governing conservative party next month with only token opposition, if that.

Since the presidency of the Liberal Democratic Party carries with it the post of the prime minister, Mr. Nakasone appears virtually assured of staying in office for a second two-year term. In Japanese politics that would be a notable accomplishment. No recent prime minister — Mr. Nakasone is the sixth since 1972 — has managed to survive much more than two years.

A major rival, former Foreign Minister Kiichi Miyazawa, said this week that he would run against Mr. Nakasone if Liberal Democratic elders failed to settle upon a single candidate in their discussions over the next two weeks.

It was the most direct challenge to the prime minister's leadership thus far. Other potential rivals to Mr. Nakasone — including two members of the cabinet, Shintaro Abe, the foreign minister, and Toshio Komoto, director of the Economic Planning Agency — have blown hot and cold on the question of whether to run.

Political commentators were convinced that anyone who made a presidential race this year would do so primarily to position himself for party elections in 1986, not because Mr. Nakasone looked vulnerable.

Even Mr. Miyazawa implied in his comments a lack of strong desire. His interest — and that of his principal political benefactor, former Prime Minister Zenko Suzuki — appeared to be more in negotiating a high party post from whicb to run next time.

Candidates have until Oct. 29 to declare themselves. On Nov. 20, the presidential selection will be made by the party's 392 members of the two houses of the Diet, or parliament. If a consensus nn a single candidate is reached early, the November proceedings would be nothing more than a formality.

Mr. Nakasone himself has not said yet whether he will run again, but his entry is considered inevitable. In power since November 1982, the prime minister, now 66, has presided during a period of economic health and relative political calm, with no single issue dominating the national consciousness.

Newspaper and television public-opinion polls taken in recent days have given him approval ratings as high as 58 percent. Forty percent is considered excellent.

Opinion polls, though, mean almost nothing in Liberal Democratic politics. Mr. Nakasone is the favorite because be retains the support of Kakuei Tanaka, the former prime minister who continues to be the party kingmaker despite his conviction on bribery charges last year.

Among the five major factions in which most Liberal Democrats have aligned themselves, Mr. Tanaka's group is by far the largest, with 118 of the party's 392 members of parliament. This faction is effectively barred from putting up a presidential candidate from within its ranks so long as Mr. Tanaka remains in charge. But it can make or break anyone else, and for now that benefits Mr. Nakasone, whose own 55-member political machine is among the smallest.


Yasuhiro Nakasone


Kiichi Miyazawa

Israel Says U.S. Will Postpone Debt; State Dept. Is 'Not Aware' of Offer

By Thomas L. Friedman
New York Times Service

JERUSALEM — The Reagan administration has offered to defer until March 1985 $500 million dollars in debt payments owed by Israel to the United States, and Prime Minister Shimon Peres has accepted the offer, Israeli officials said Monday.

[In Washington, however, John Hughes, a U.S. State Department spokesman, said he was "not aware there was any such agreement," The Washington Post reported.]

The $500-million payment involved interest and principal due on military procurement loans granted by the United States to Israel in the mid-1970s, which are now coming due following a five-year grace period. Israel has already paid the September installments and the next payments were due in the period between December and March.

It was the first time in its history that Israel had ever decided to reschedule any of its foreign debt, whicb now totals $23 billion, the highest per capita in the world.

A senior Israeli official said that although Israel had not made any formal request, it was clearly hoping that after the postponement expires in March the Congress, which will be back in session by then, will agree either to further extend the debt or cancel it. Israeli officials were under the impression that the Reagan administration was committed to asking Congress for such an extension or cancellation.

Although senior Israeli officials talked about the debt postponement as if it was already final, it was impossible to confirm whether — or how — the Israeli government had formally informed the the U.S. Embassy or Washington of its acceptance.

Only a few bours after Mr. Peres informed the cabinet that the United States was ready to defer the $500-million payment, his month-old government was jolted with the news that consumer prices had risen in September by an average of 21.4 percent.

If the September figures were projected on an annual basis, it would mean that Israel's inflation rate would he 800 percent per year — the highest in the world.

Finance Minister Yitzhak Modai said Mr. Peres revealed the American offer of a debt deferment, as well as his acceptance, at a meeting Monday in which be briefed the cabinet on the results of his talks in Washington last week with President Ronald Reagan and other officials.

Mr. Peres "did not ask for deferment of any debts or interest thereon," Mr. Modai said in an interview, but since the Americans were "discussing the burden of foreign currency payments on the State of Israel — that includes purchasing of raw materials and military supplies — the administration came forward with an offer that if it can ease somewhat the situation it would be quite willing to defer payments of half a billion dollars for whatever is in their jurisdiction, namely 90 days. The prime minister accepted right away. So we have now a deferment."

President Reagan has the power to defer collection of a foreign debt for 90 days without consulting Congress. The 90-day period would apply to time period lasting from the next payment due date, at the end of December, until March 1985.

The debt postponement, coupled with the decision by the Reagan administration to give Israel immediately — and not by quarterly installments — the full $1.2 billion dollars in economic aid it was promised for fiscal 1985, would go a long way toward easing Israel's critical foreign currency shortages.

Foreign reserves were last reported to be about $1.7 billion dollars, well below the $3 billion dollar level Israeli governments have always considered the safe minimum.

[In Washington, according to The Washington Post, Mr. Hughes was asked about the reported debt deferment and replied, "I can't confirm that report. Obviously we've talked about contingencies. I'm not aware there was any such agreement. No decisions have been taken yet about whether it is needed or what moves might be most desirable. I would caution against the idea that an agreement has been reached."]

3 Share Nobel For Medicine

(Continued from Page 1)

Ottoson said, adding that Dr. Köhler and Dr. Milstein had neglected to patent their discovery.

Dr. Köhler's and Dr. Milstein's application is used to detect AIDS, the instinte said. "One practical example is that Köhler has helped us to analyze the symptoms of possible AIDS victims," an institute official said.

AIDS patients suffer a catastrophic decline in their immune systems, making them easy targets for infection. There is no known effective treatment for the disease and most AIDS victims will die of it, experts say.

Dr. Jerne currently is special immunology adviser to the Institut Pasteur in Paris. He also was a research fellow at the California Institute of Technology from 1954 until 1955 and a professor of microbiology and chairman of the department of microbiology at the University of Pittsburgh from 1962 to 1966.

Dr. Jerne's most important achievement was his predictions on how the immune response is regulated by a complicated network consisting of antibodies and antiantibodies.

Monoclonal antibodies are units of the immune system specifically tailored by scientists in laboratories to seek specific cells in the body. The antibodies are considered important in cancer research, therapy and other medical purposes.

The Nobel Peace Prize will be announced in Oslo Tuesday, followed by physics and chemistry Wednesday and economics on Thursday.

China Lauds Capitalism as Party Meets On Reforms

Reuters

BEIJING — Chinese Communist Party leaders met behind closed doors Monday to approve a far-reaching package of economic reforms as their newspaper, the People's Daily, said the country had a lot to learn from capitalism.

In a strongly worded article, the paper defended the government's policy of opening China to the outside world, saying that in the present international climate countries must learn from each other or die.

The article, which covered three-quarters of a page in the official party organ, was published while the party's Central Committee was in the middle of a crucial meeting to endorse a series of major urban reforms, diplomats in Beijing said.

They said the annual meeting was the most important since a similar plenum in 1978 when Deng Xiaoping, China's paramount leader, and his moderate followers threw out Mao's radical leftist economic policies and instituted a program of highly successful rural reforms.

The meeting is discussing a package of industrial and urban changes to reduce the role of centralized planning, give more autonomy to factory managers and cut state subsidies on many goods, the diplomats said. It is expected to last until the middle of the week.

The People's Daily article said some Chinese believed the open policy could undermine China's sovereignty, as in the days of the colonialist treaty ports when Western powers won big trading concessions from the crumbling Chinese empire.

But it said protectionism "can only temporarily protect a nation's industry and commerce, but from the long-term view it is a policy of failure."

The most sensitive issue to be discussed at the party meeting, which diplomats say began last Friday, is price reform. About 25 percent of government spending now goes to subsidizing basic items such as food, housing and transport, and Prime Minister Zhao Ziyang has said this cannot go on indefinitely.

■ **Assurance on Hong Kong**

Mr. Deng said in an article published Monday that China might extend the 50-year period during which it has pledged to preserve capitalism in Hong Kong after assuming control from Britain in 1997, The Associated Press reported from Beijing.

"When I speak with Hong Kong friends about bow long Hong Kong's capitalism will last after 1997, I say if 50 years is too short, let us talk about it again in 50 years," Mr. Deng said in the article in the Chinese weekly magazine Outlook.

Rivals Share Backgrounds

(Continued from Page 1)

joined the junta in March 1980, and became its president the following December.

"Duarte's personal obsession with power and his primitive anti-communism have all come out," Mr. Ungo said in an interview shortly after taking over the leadership of the Revolutionary Democratic Front in November 1980.

Since then, Mr. Duarte has remained in the country, constructing the political base that has brought him to power; Mr. Zamora and Mr. Ungo have been working to build their own base of support among groups outside the country, as well as to maintain their ties with guerrilla military leaders sucb as Mr. Cienfuegos and Mr. Villalobos, who have been involved in armed struggle since the early 1970s and whose assent in any type of agreement would be a necessary element in bringing a semblance of peace to El Salvador.

■ **Duarte Appoints Negotiators**

Mr. Duarte on Sunday appointed the team that will accompany him in the talks, Agence France-Presse reported from La Palma. A government spokesman said the other government negotiators would be the defense minister, General Carlos Eugenio Vides Casanova; the minister for the presidency, Julio Adolfo Rey Prendes, and two vice presidents, Abraham Rodriguez and René Fortin Magaña.

WORLD BRIEFS

British Coal Strike Talks Collapse

LONDON (AP) — Talks aimed at settling Britain's seven-month-old coal strike collapsed late Monday and the miners' union leader, Arthur Scargill, said there was no hope of an early end to the dispute.

He accused the National Coal Board of effectively breaking off the talks through their "complete intransigence and unwillingness to negotiate." But Ian MacGregor, chairman of the state-owned National Coal Board, said: "We are the only people who have made any concessions."

Earlier, there was optimism at the resumed negotiations aimed at settling the walkout, which union leaders called on March 12 against the state-run National Coal Board's plan to shut 20 money-losing mines and eliminiate 20,000 jobs. Last week, both sides studied a plan for third-party mediation in the dispute.

U.S. Plans Emergency Plant Seizures

NEW YORK (AP) — The U.S. government would be empowered to temporarily seize defense-related industrial plants and to censor international business telecommunications during national emergencies under plans proposed by the Federal Emergency Management Agency, a government spokesman said Monday.

James Holton, director of public affairs for the agency, said the powers that would be sought from Congress in the event of a war or other national emergency were similar to those granted on a standby basis during World War II. He was responding to questions about a report Monday by a computer trade magazine, Datamation.

The proposal would give the government unlimited powers to seize computers and plants of high-technology industries and would establish an Office of Censorship to control telecommunications leaving the United States, making it a crime for companies to use secret codes, according to Datamation. It said many computer and telecommunications companies supposed to be covered by the proposals were surprised to hear of the plans.

Belgian Liberal Party Office Bombed

BRUSSELS (Reuters) — A bomb exploded at a Liberal Party study center here early Monday, the fourth bombing in the Belgian capital this month, police said. No one was injured.

An anonymous caller claiming to speak for the "Fighting Communist Cells" told the Belgian radio that the attack was aimed at "the center where the [French-speaking] Liberal Reformed Party's plans and speeches are drawn up." No one was injured, but damage was extensive.

The group has claimed responsibity for three other attacks this month aimed at subsidiaries of U.S. and West German companies, which it said supply equipment for NATO's cruise and Pershing-2 nuclear missiles. The Liberal Party supports NATO plans to deploy 48 cruise missiles in Belgium next year.

India Protests U.S. Stance on Pakistan

NEW DELHI (Reuters) — India on Monday expressed concern over a statement by the U.S. ambassador to Pakistan that Washington would help Pakistan if it were attacked by India and denied it was planning any such attack.

"The attempt to project India as a potential aggressor against Pakistan is motivated and reprehensible," a spokesman of India's External Affairs Ministry said. "Such statements alleging aggressive designs to India seem designed to justify in advance the supply of more arms, including sophisticated weapons like Hawkeye, to Pakistan," he added, referring to the American airborne early warning systems.

Press reports last week quoted the U.S. ambassador to Pakistan, Deane Hinton, as saying that Washington would come to Islamabad's help if India attacked its neighbor. In a speech in Lahore, Pakistan, Mr. Hinton said without naming India that if there were an attack on Pakistan's eastern border the United States would not remain neutral.

Pope May Lift Curbs on Old Liturgy

VATICAN CITY (AP) — Pope John Paul II is preparing to lift some of the liturgical restrictions on the Tridentine Mass, which was banned by the Second Vatican Council triggering protests by some conservative clergy, Italian news agencies reported Monday.

The ANSA and AGI news agencies said the Congregation for the Divine Cult, on the pope's order, is drafting a circular on the Mass to be sent to all bishops worldwide.

They said the circular will outline ground rules for when the Mass can be celebrated under "special conditions." The conditions were not named. The liturgy of the Tridentine Mass, established by Pope Pius V in 1570, was outlawed by the Second Vatican Council of 1962-65. The main differences between the old Mass and the new rite is that it is said in Latin, the priest does not face the congregation and the laity takes no part in reading the Bible. Modern Masses are normally said in the vernacular, although it is still permissible to use Latin.

For the Record

The world chess champion, Anatoli Karpov, agreed to a draw Monday after 33 moves in the 13th game of his world title contest with Gary Kasparov. Mr. Karpov leads 4-0. It was the fourth consecutive draw in the match after Mr. Karpov established his lead. *(AP)*

Newspapers in Dhaka, Bangladesh, failed to appear Monday following a warning by authorities about coverage of Sunday's opposition rallies. The journalists' union brought printing to a halt after officials telephoned newspapers allegedly setting out restrictions on rally reports. *(AFP)*

The risk of explosion appears to have receded aboard the Panamanian gas tanker Gaz Fountain, hit in a Gulf air attack, apparently by Iran, on Friday. *(Reuters)*

Seven Israeli teen-agers on a bird-watching trip to the occupied West Bank were injured by an explosive charge Monday. The explosion occurred near a bus that had carried the Israelis on their outing southwest of the Palestinain city of Nablus. *(AP)*

Striking employees at Disneyland in Anaheim, California, reached a tentative settlement with negotiators for the amusement park late Sunday night after a 13-hour negotiating session. The workers had been on strike for 20 days. Details of the settlement were not disclosed. *(LAT)*

The Reverend Bruce Kent, general secretary of Britain's Campaign for Nuclear Disarmament, announced on Sunday he will give up his post next Easter. He said he cannot cope with the administrative and public duties of the growing organization. *(UPI)*

Both Sides Offer Proposals As El Salvador Talks Start

(Continued from Page 1)

cast just before the talks began. He gave no reason for his absence.]

President Duarte, followed by 100 vehicles full of peasants, workers and supporters, reached La Palma an hour before the meeting. He had left the capital shortly after daybreak, leading a three-hour "peace parade" to La Palma.

"I'm not here to get anything today," Mr. Duarte said before he entered La Palma. "I'm here to open the doors, to show that everyone can get through without pushing. The important thing is to sit down and discuss, to be ready to listen. Up to this minute, nobody has been willing to listen."

Both sides agreed to keep armed forces at least six miles (nine and a half kilometers) away from La Palma, and to leave security to the Roman Catholic Church, the Red Cross and Salvadoran Boy Scouts. The rebels have held La Palma for more than a year, except for occasional army forays into the town.

■ **Rebels Express Pessimism**

Dan Williams of the Los Angeles Times reported from La Palma:

Mr. Ungo and and Mr. Zamora reached La Palma on Sunday evening in a Red Cross motor convoy from San Salvador, where they arrived in a Colombian Air Force plane that had flown them from Panama.

They held an impromptu news conference, then drove into the hills outside town to meet with guerrilla leaders.

In both the capital and La Palma, the two expressed little optimism that the talks would succeed in ending the civil war.

Mr. Ungo said the rebels want "to do everything to get peace," but warned that "there's no magic formula."

"We do not want to create such expectations," be said.

Mr. Ungo said that during the first day of talks, "it is necessary to discover points in common to keep us going."

The arrival of the two at San Salvador's international airport was the first public appearance of rebel leaders in the capital in several years. Among those in the welcoming party was one Salvadoran official, Gerardo Le Chevalier, a government spokesman. He did not shake hands with the rebels.

Speaking about Monday's meeting, Mr. Zamora said, "We have reservations about its being a serious dialogue. But we are determined to give this dialogue the real content and seriousness that it deserves."

Mondale Says 'Star Wars' Defense Plan Is a 'Hoax'

Compiled by Our Staff From Dispatches

MINNEAPOLIS — Walter F. Mondale has called President Ronald Reagan's proposal to protect the United States with a space-based, anti-missile system "a hoax" that relegates decisions about starting a nuclear war to a computer.

In a news conference after his paid political radio broadcast Sunday, Mr. Mondale said that a top weapons scientist had told him that developing a "Star Wars" system that works was "unimaginable" in his lifetime.

"If a new system could truly protect our people from nuclear weapons," Mr. Mondale said, "I'd be for it. But based on what we know now, 'Star Wars' is a hoax."

The Democratic presidential candidate's remarks set what his advisers said would be the tone for an abbreviated week of campaigning on foreign policy and arms control. Mr. Mondale and Mr. Reagan meet in their second debate, which will be devoted to these topics, on Sunday.

In his radio broadcast, Mr. Mondale characterized Mr. Reagan's policy: "If there's an arms agreement, oppose it. If there's a dangerous weapon, buy it. If the Pentagon wants a blank check, sign it. If there's a crucial fact, don't learn it. If there's a diplomatic problem, militarize it. If there's a regional conflict, Americanize it. If your policies fail, blame someone else."

Mr. Mondale said Mr. Reagan's proposal for an anti-missile space shield is a dangerous and an expensive escalation of the arms race.

"We're talking about an idea that might sound good, and research should go forward," Mr. Mondale said. "But where I disagree with the president is to launch officially a testing and deployment policy that develops these weapons long before there's any justification for it."

Under "Star Wars," Mr. Mondale said, "almost by necessity the president must delegate to a computer the decision as to whether war should be started because there won't be time for the president to be involved. It has to be a decision made within one or two minutes or within seconds on some occasions. And what kind of a world is that?"

He told his radio audience:

"The next time you look up at the night sky, think of killer satellites circling the Earth. And they won't belong just to us. For there is nothing surer in the nuclear age than this: If one side builds a new system, the other side will match it."

James A. Johnson

In a television appearance in New York, Mr. Mondale's running mate, Geraldine A. Ferraro, was questioned on several foreign policy topics. She said that she, as president, would "do whatever is necessary to protect this country." Asked if that meant launching nuclear weapons, she said, "Yes."

Mr. Mondale's campaign chairman, James A. Johnson, appearing on a television interview program in Washington, raised the Sept. 20 truck bombing of the U.S. Embassy annex in East Beirut as an example of Mr. Reagan's "failure of leadership" in Lebanon specifically and in foreign affairs in general.

(LAT, WP, NYT)

■ Democrats' Hopes Rise

Steven V. Roberts of The New York Times reported from Washington:

The revival of the Democratic presidential campaign following the Oct. 7 Reagan-Mondale debate has apparently dimmed the prospects for major Republican gains in the House of Representatives, according to strategists in both parties.

By his strong performance in the televised contest, Mr. Mondale altered the dynamics of the congressional battle by energizing Democratic activists and forcing President Reagan to concentrate on his own race.

This led Representative Tony Coelho of California, who heads the Democratic Congressional Campaign Committee, to declare that the "big winners" in the debate were Democratic candidates for the House.

Republican strategists still hope to recapture enough momentum by Nov. 6 to alter the balance of power in the House, where Democrats are now in control. But the Republicans are playing down talk of a landslide and conceding that the Democrats show new signs of life.

Reagan Says He Is Ready For Mondale In 2d Debate

The Associated Press

TUSCALOOSA, Alabama — President Ronald Reagan, saying he could hardly wait for his next debate with Walter F. Mondale, attacked the Democratic challenger Monday on foreign policy.

In a speech at the University of Alabama, the president quoted Mr. Mondale as having said the U.S.-led invasion of Grenada in October 1983 eroded the United States' "moral authority" to criticize the Russians.

"I've never had any trouble criticizing them," Mr. Reagan said.

On arriving in Alabama, Mr. Reagan was told that Mr. Mondale had promised to "have it out" in Sunday's foreign-policy debate with Mr. Reagan over U.S. policy in Lebanon. He replied, "I can hardly wait."

In response to a question from a student, Mr. Reagan said he was determined to win approval of a constitutional amendment to permit voluntary prayer in public schools.

"We didn't ask for some planned prayer the politicians would write," he added, and then appealed to his audience to "let your representatives know how you feel."

Mr. Reagan also said the Department of Education was studying ways to ensure that reductions in U.S. government loans to students "do not penalize people who actually need and deserve help and cannot get it otherwise."

The president said the administration had found "there were some people who were borrowing college loans who could well afford to send their sons and daughters to college ... and then buying government paper, investing in government paper to make a profit on interest from the government that made the loans to them in the first place."

■ Bush Visits the Elderly

Vice President George Bush accused Mr. Mondale and the Democratic vice-presidential candidate, Geraldine A. Ferraro, on Monday of "acting disgracefully" and "needlessly frightening" the elderly by charging that Mr. Reagan will cut Social Security benefits, The Associated Press reported from Los Angeles.

Speaking at a retirement community, Mr. Bush declared, "Our opponents have been getting off a lot of cheap shots recently. Today I'm going to throw a yellow flag and call a penalty on Mr. Mondale and his teammate."

Social Security Issue — A Game of One-Upmanship

By David Hoffman
Washington Post Service

WASHINGTON — The Social Security system has become a leading issue in the presidential campaign in a curious inverse bidding war as to which candidate — President Ronald Reagan or Walter F. Mondale — will do the least to the program if elected.

The politics of the competition is obvious. Almost every American worker pays into the system, which provides retirement, disability and survivor benefits. One-seventh of the population looks to it for income.

But the candidates' promises also have had other effects. By pledging not to cut benefits in a program that now represents about a fifth of the federal budget, the presidential contestants have taken off the table one of the most important means of trimming the $170-billion federal deficit that both insist they want to reduce.

Their one-upmanship also has worked in some ways to perpetuate the mythology that has surrounded, and to some extent blocked reform of, Social Security over the years.

An example of both points came in the presidential debate a week ago when Mr. Reagan mistakenly asserted that "Social Security has nothing to do with the deficit."

"Social Security is totally funded by the payroll tax levied on employer and employee," he said. "If you reduce the outgo of Social Security, that money would not go into the general fund to reduce a deficit. It would go into the Social Security trust fund. Social Security has nothing to do with balancing a budget or erasing or lowering the deficit."

In fact, Social Security has been part of the federal budget since 1969, when President Lyndon B. Johnson "unified" the budget at the recommendation of a special commission. The system is self-contained in that its taxes can be spent only for benefits, and surpluses accumulate. But the taxes count as federal revenues; the benefits count as federal spending. Thus, if spending is lowered, the size of the deficit is reduced.

Since Mr. Reagan suggested 20 years ago in a nationally televised speech for the Republican presidential nominee, Barry Goldwater, that Social Security should be made voluntary, the president has had trouble with the issue, and it may cost him support again this fall.

A Washington Post-ABC News poll taken after the Reagan-Mondale debate Oct. 7 showed that Mr. Mondale enjoyed a sharply improved standing among voters over 61.

The emergence of Social Security as a volatile element in the presidential campaign has brought along many other myths and charges.

Mr. Mondale has tried to portray Mr. Reagan as an insensitive budget-slasher with a "secret plan" to trim Social Security benefits in a second term. Mr. Reagan has tried to portray Mr. Mondale as a tax-raiser who again would take a bite out of workers' paychecks.

Both tended to overlook the fact that the last major Social Security financing crisis was resolved with a bipartisan compromise that included a carefully negotiated package of benefit cuts and payroll tax increases. Republicans accepted the tax increases they did not like, Democrats the benefit cuts.

Mr. Reagan and Mr. Mondale in some ways are using Social Security as a metaphor for their larger differences on tax and spending policy.

Mr. Mondale, trying to drive home the "fairness" issue, has criticized Mr. Reagan for proposed Social Security cuts that hit the "poorest" senior citizens and widows sending their children to college.

Issues '84

This is another in an occasional series about issues facing Americans during the election campaign.

Mr. Reagan, trying to drive home his claim that Mr. Mondale would raise taxes, has linked the former vice president to the 1977 Social Security payroll tax increase, "the biggest single tax increase in our nation's history."

Generational politics also seemed to filter into the arguments. Mr. Reagan has done well among younger voters and focused his fire on tax increases, which many of them feel most directly; Mr. Mondale has stressed benefit cuts in as a way to instill doubt about Mr. Reagan's intentions among traditional Democrats.

During the debate, Mr. Reagan promised never to reduce benefits for "the people that are now getting them." This left open the question of what would happen to future beneficiaries. After prodding from Mr. Mondale, the president expanded his pledge to include future retirees.

When the candidates "focus on a list of who will not cut what," said Alan Greenspan, a New York economist and an informal Reagan adviser who headed the Social Security commission, they "effectively eliminate the possibility of ultimately coming to grips" with the deficit through a bipartisan compromise.

Already, numerous sections of the budget cannot be cut, including interest payments on the national debt, an estimated $130 billion this year, and defense, $266 billion this year. Both Mr. Mondale and Mr. Reagan would increase defense spending, but at different rates. Adding Social Security to this list adds $189 billion to that total.

In other words, with all these doors closed, less than half the $930-billion federal budget can be targeted for possible cuts, and the remainder already has carried the brunt of the deepest cuts in Mr. Reagan's first term.

Mr. Mondale also has ruled out cuts in other areas, such as student aid and Medicare. He has proposed tax increases instead. Mr. Reagan says economic growth will bring down the deficit without tax increases. But both are pinning their hopes on some future spending cuts, although neither has completely detailed his plans.

Created in the Depression, Social Security was vastly expanded in the postwar period of economic growth by adding new categories of beneficiaries. Benefits were increased as growth produced a surplus of payroll tax revenues. Finally, in 1972, benefits were automatically linked to inflation.

But a retrenchment began in the late 1970s as the economy stagnated and runaway inflation drove up benefits. The 1977 rescue package was largely a tax increase; by 1981 another retrenchment loomed as inevitable to keep the system solvent in the short term.

Mr. Reagan won some early benefit cuts from Congress, but a big second package of benefit reductions in May 1981 proved to be a political fiasco that led to the Greenspan commission.

The big savings in the 1983 bailout package came from a six-month delay in the automatic cost-of-living increase, and the escalation of scheduled payroll tax increases. The system's trustees say it is now sound through at least the end of the decade.

Famed Boardwalk Damaged

The Associated Press

ATLANTIC CITY, New Jersey — A fire broke out early Monday under the boardwalk and spread quickly through a stretch of stores, causing more than $2 million in damage, authorities said. Destroyed were a 100-yard (91-meter) section of the boardwalk and Fralinger's, a popular salt water taffy spot. Two firefighters were injured slightly from smoke inhalation.

CAMPAIGN BRIEFS

Cuomo Helps a Friend in California

LOS ANGELES (LAT) — If Governor Mario Cuomo of New York ever decides to run for president, he will have a well-known campaign chairman in California — the speaker of the assembly, Willie N. Brown.

Governor Cuomo, who rarely leaves his state for more than 24 hours, flew to Los Angeles Sunday night to do a special favor for Mr. Brown. He agreed to be the keynote speaker for Mr. Brown's annual Southern California fund-raiser.

"I called the governor a few weeks ago and told him about all the trouble we were having and asked if he could come out and speak to us," Mr. Brown said Sunday night at his dinner, which drew more than 900 people at $500 each.

Mr. Brown introduced Mr. Cuomo as "the man who this nation will be prepared to follow when he so chooses to lead." In his speech, Mr. Cuomo praised the Democratic presidential candidate, Walter F. Mondale, and criticized President Ronald Reagan.

Baker Will Seek Presidency in 1988

WASHINGTON (UPI) — The Senate Republican leader, Howard H. Baker Jr., retiring after 18 years in Congress, has a personal commitment to seek the presidency in 1988 and will spend most of the next four years pursuing that goal.

"I would like to run for president," the Tennessean said last week before Congress adjourned. "That's my commitment, but it's not to run under any and every circumstance."

Senator Baker, 59, has been majority leader for the past four years and has led the Senate GOP for eight years. He said he made his decision not to seek a fourth term after the 1978 election and, "I have not had one single pang of regret, not one."

He said he decided to leave the Senate "because 18 years is long enough" and not because he is going after the 1988 Republican presidential nomination.

But he said running for president is such a "long-term and full-time job", that it has become difficult to seek the White House while holding public office.

98th Congress: Defiant, Partisan, but Timid on Tough Issues

By Martin Tolchin
New York Times Service

WASHINGTON — The 98th Congress slowed the momentum of President Ronald Reagan's efforts to change the scope and direction of government by restoring funds for health, education and welfare and reducing his military spending requests.

The session, which adjourned Friday, was full of partisan warfare between Mr. Reagan and Democrats. They traded charges about who was to blame for problems ranging from deficits to the bombings in Lebanon.

Mr. Reagan's political magic, manifest in public opinion polls, was scarcely evident on Capitol Hill. Unlike its predecessor, the 98th Congress repeatedly defied the president on economic and military issues. But it was timid in tackling some of the tough issues.

A proposed overhaul of the immigration laws died in a House-Senate conference; a major civil rights bill overwhelmingly approved by the Democratic-controlled House was killed in the Republican-led Senate, and a banking deregulation bill that the Senate overwhelmingly approved was scuttled by a House committee.

"It was not as productive a session as I would have liked," said Representative Jim Wright, Democrat of Texas, the majority leader.

The 97th Congress gave Mr. Reagan the bills be sought on


Robert H. Michel

spending, taxes and the military. The 98th Congress balked at further cuts in social spending and reduced by more than half the increase he sought for the military.

"This Congress has provided a safety net against the excesses of Ronald Reagan," said the speaker of the House, Thomas P. O'Neill Jr., Democrat nf Massachusetts.

A different perspective was offered by Representative Robert H. Michel, Republican of Illinois, the minnrity leader.

"This Congress was one of the most partisan and unproductive in history," be said.

The president's coalition in the previous Congress was eroded by the influx of 25 new House Democrats, who altered the balance of power in favor of the Democrats.

Mr. Reagan, whose word was law two years ago, proved unable to persuade Congress to approve a proposed amendment to the Constitution requiring a balanced budget and a school prayer amendment. He also failed to get tuition tax credits for parents with children in private schools or a program to provide tax and wage incentives to create urban jobs.

The Congress also refused to give the president the power to veto specific items in budget bills.

The chaos of the closing days, in which frustrated lawmakers sought to attach bundreds of bills to a $470-billion omnibus spending bill, gave rise to a consensus that congressional procedures had to be revised to avoid sucb 11th-hour maneuvering.

Both parties in Congress were beset by internal strife. The congressional Democrats who endorsed Walter F. Mondale last winter gave his presidential camapign its first major block of delegates. But many Democrats began disassociating themselves from his hard-pressed campaign this fall, to the dismay of the leadership.

An aggressive band of conservative House Republicans challenged their leadership's occasional calls for cooperation with the Democrats. But Senate Republicans continued in display unusual unity.

Much of the last session was spent marking time waiting for White House officials and congres-


Jim Wright

sional leaders to agree on a military spending package. A compromise was ultimately reached between the House and Senate.

House Democratic leaders were then incensed when Mr. Reagan blamed them for the ensuing delays.

Failure to reach agreement also held up a $932-billion budget resolution for fiscal 1985, that included a deficit of $181 billion.

Congress did approve a major tax package to raise $50 billion through the 1987 fiscal year as part of the Deficit Reduction Act, a package reducing deficits by $63 billion through 1987.

On defense issues, both the 97th and 98th sessions were marked by frequent tension between Congress and the White House.

Congress reduced the number of MX missiles to 15 from the 40 Mr. Reagan had requested as part of a $293-billion military spending bill. Congress further provided that those 15 missiles must be approved again next year.

Congress also barred aid to the rebels in Nicaragua through next Feb. 28. At that time it could be restored only by votes in both houses after a presidential certification that the Sandinist government was undermining its neighbors. Congress rejected a ban on placing U.S. combat forces in Central America, but it did pass a resolution expressing disapproval of such an action.

The Senate killed a House-passed resolution that called for a mutual and verifiable freeze on nuclear weapons for both the United States and the Soviet Union.

Congress heeded the president's request for funds to El Salvador. It approved $62 million in supplemental military aid for El Salvador, in addition to $64.8 million that had been previously appropriated.

Ratification of a United Nations convention that calls for specific steps to prevent and punish genocide was delayed again, as it has been since 1949. But the Seante did vote to support its principles and declared its intention to act expeditiously in the next Congress.

In domestie affairs, one of the major congressional achievements was adoption of an anti-crime package. It reforms federal bail and sentencing procedures, revises the insanity defense to place the burden of proof on the defendant to prove insanity and increases the penalties for labor racketeering and trafficking in dangerous drugs.

But Congress failed to adopt Mr. Reagan's major proposals: reinstatement of the death penalty for some federal crimes and revisions in rules excluding illegally obtained evidence from criminal trials.

After rejecting a school prayer amendment, Congress did enact legislation requiring public schools receiving federal funds to allow access to school facilities by any student religious or political group if the school permitted other extracurricular groups to meet in the school.

In response to complaints about arbitrary benefit cutoffs, Congress approved standards that must be met before a person who receives Social Security disability benefits can be removed from the rolls. It also approved an increase in the cost-of-living adjustment for Social Security beneficiaries.

The Congress passed and the president has signed into law the Women's Pension Equity Act. This gives spouses the right to the pensions of workers who die before retirement age, provides for one-year maternity and paternity leaves and makes other changes intended to provide more equitable treatment of women.

Congress approved legislation to withhold some highway funds from states that failed to raise their minimum drinking age to 21.

The 98th Congress established a new legal boliday commemorating the birthday of the Reverend Martin Luther King Jr.

Nicaragua Rebels Given Warfare Manual by CIA

Handbook Urges 'Selective' Violence To 'Neutralize' Sandinist Officials

By Robert Parry
Associated Press

WASHINGTON — The Central Intelligence Agency produced a psychological warfare manual for Nicaraguan rebels that instructs them to hire professional criminals for "selective jobs" and says some government officials can be "neutralized" with the "selective use of violence," according to intelligence sources.

The 90-page manual, written in Spanish, also urges the rebels to create a "martyr" by arranging a violent demonstration that leads to the death of one of their supporters, and it tells how to coerce Nicaraguans into carrying out assignments against their will.

The authenticity of a duplicated copy of the book and the CIA's role in its production were confirmed independently by U.S. intelligence sources, who insisted on anonymity.

Produced by the CIA about a year ago, the manual, "Psychological Operations in Guerrilla War," was distributed among the Honduran-based Nicaraguan Democratic Force, the sources said. A source familiar with the book said it was sent out at about the same time the agency supplied a booklet in comic book-style instructing Nicaraguans how to sabotage their government.

The nrganization's president, Adolfo Calero Portocarrero, whose group is the largest rebel faction, said be first saw the manual "less than a year ago" and that it was given only to "our top people." He denied the CIA produced it, claiming it was a "contribution" from a supporter whose name he could not recall.

Mr. Calero said that while the manual presents what be called "some applicable ideas," it also contained things "we would not accept and we do not practice. It talks about terrorism, which is something we haven't done."

A CIA spokesman, George Lauder, refused comment on the manual.

Although the Nicaraguan government and Americans living in the country have accused the rebel organization of murdering and kidnapping civilian officials, it could not be determined that any of the actions recommended by the manual were being carried out.

The manual emphasizes the need for political propaganda in a guerrilla war and includes instructions on how to conduct psychological operations aimed to create resistance to the government. It counsels rebels against using "explicit terror" against the civilian population, as that could cost support.

But the manual endorses the "selective use of violence" against Nicaraguan judges, police and security officials. It says such people can be "neutralized," but that the targets should be selected carefully based on their unpopularity with the people and the "level of violence necessary to carry out the change."

The book does not use the words "assassinate" or "kill," although references to "danger to other individuals in the area of the target" and to assessing likely replacements suggest that the goal is to remove the officials physically.

An executive order signed by President Ronald Reagan on Dec. 4, 1981, said no U.S. government employee "shall engage in or conspire to engage in assassination" and adds that no intelligence agency "shall participate in or request any person to undertake activities forbidden by this order."

The manual says: "If possible, professional criminals should be hired to carry out specific, selective 'jobs.'" The precise nature of those "jobs" — "*trabajos*" in the original Spanish — is not explained.

Mr. Reagan, who has accused the Sandinists of aiding Marxist guerrillas in El Salvador, authorized covert action in Nicaragua in December 1981.

Sandinist Rivals Are Out of Poll

Washington Post Service

MANAGUA — The last hopes for a postponement of Nicaragua's Nov. 4 election and participation of the major opposition coalition disappeared as the Sandinist government, the opposition and the principal outside mediator agreed there was no point in continuing the effort.

In a news conference here Sunday after two days of talks, former Chancellor Willy Brandt of West Germany said he knew the effort was useless even before be arrived for a final try at bringing the two sides together. Mr. Brandt, representing the Socialist International, had been one of the mediators in talks between the Sandinists and the opposition Nicaraguan Democratic Coordinator, led by Arturo José Cruz, in Brazil earlier this month.

Mr. Brandt said Sunday that he considered the elections "a step forward for Nicaragua" even without the participation of Mr. Cruz.

U.K. Labor Party Envoy Visits 3 Jailed Activists in S. Africa

Agence France-Presse

PIETERMARITZBURG, South Africa — The spokesman on Southern African affairs for Britain's opposition Labor Party, Donald Anderson, met here Monday in prison witb three anti-apartheid activists detained without trial.

They were arrested Oct. 6 when they left the British Consulate in Durban, where they had taken refuge with three others to evade arrest on unspecified cbarges under South Africa's security laws.

Mr. Anderson visited the three remaining in the consulate on Sunday.

Zac Yacoob, lawyer for all six of the activists, who are members of the United Democratic Front and the Natal Indian Congress, said Monday's meeting lasted for about an hour.

Mr. Anderson's visit has been extensively covered by the South African press and has drawn further criticism from the South African foreign minister, R. F. Botha, because of the fugitives.

After Mr. Anderson's expressed solidarity with people detained without trial on his arrival Sunday, Mr. Botha asked why the previous Labor government in Britain applied similar laws in Northern Ireland to combat the Irisb Republican Army, and which black-ruled African country would have allowed him to visit detainees and condemn its government.

Mr. Anderson replied, "Firstly the IRA is a terrorist organization. By contrast those [UDF members] swept up by the security authorities as detainees did no more than urge a nonviolent boycott to elections." He referred to elections in August for separate houses of Parliament for South Africa's Indian and mixed-race communities.


United Press International

Donald Anderson, British Labor Party spokesman on Southern African affairs, leaves the South African prison where he visited three detained anti-apartheid activists.

a Rebels Given Manual by CIA

ges 'Selective' Violence

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Sandinist Rivals Are Out of Poll

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Despite a Slow Start, 'Invisible Progress' Seen at Security Talks

By Don Cook
Los Angeles Times Service

STOCKHOLM — The 35-nation Conference on European Security and Disarmament opened here in January with considerable fanfare, but the delegates have not yet agreed even on how to start the negotiations.

Nonetbeless, this eonferenee may yet provide the forum for the Soviet Union to signal, in the next few months, a change of course toward resumption of a dialogue with the West on arms control.

When the conference ended its third session here last week, there had still been no visible progress, but there had been what the Polish ambassador, Wlodzimierz Kooarsky, called "invisible progress."

Ambassador Carl Lidgard of Sweden, ehairman of a group of nine neutral and nonaligned states, said: "We have not been marking time, and there are some signs now that the Soviets may be preparing to see things move forward. We are trying to build trust and confidence, but we are starting from a very low point."

The Norwegian ambassadnr, Leif Mevik, a veteran of more than a decade of these conferences, going back to Helsinki in 1973, said: "We are waiting, but we have not been wasting our time. It's all pretty tiresome and certainly ooi news, but all the Western speeches and interventions since January have been laying the groundwork in detail for negotiations whenever the Soviets are ready tn start."

In the opinion of a seninr American delegate, even though there have been no negotiations as sueb here in the last nine months, all the basic elements are in place for movement in the new year if the Russians decide to start doing business.

In the three sessions here since January, the delegates have gathered four times a week at the conference building in the center of town. Even though the speeches deal with the same basic subject — how to build military confidence between East and West through mutual security arrangements — the conference has yet to decide how to move from talking to negotiating.

According to Western sources, until about April the chief Soviet delegate, Oleg A. Grinevsky, seemed to be genuinely working toward moving ahead and to be in general accord with the broad Western objectives for the conference.

Then came the death of the Soviet president, Yuri V. Andropov, in February, bis replacement by Konstantin U. Chernenko, the rising influence of Foreign Minister Andrei A. Gromyko, the Soviet boycott of the 1984 Olympie Games and a full stop in Stockholm.

"Grioevsky," said an ambassador who sees him virtually every day, "is an intelligent and experienced professional diplomat, businesslike and straightforward and pleasant to deal with. But the Soviets . . . are very much on the defensive, often falling back on the line that they are not prepared to discuss things, which simply means that they have oo instructions except in stall."

The West's main thread of optimism when the conference resumes Nov. 6 is that the Russians may agree to a formula that was proposed weeks ago by the nonaligned states to get down to real negotiations by setting up two working-groups.

The Associated Press

President Richard von Weizsäcker of West Germany, right, accompanied President Nicolae Ceausescu of Romania on the Communist leader's arrival in Bonn on Monday.

Albania Cautiously Looks for Friends

Greece, Italy Feel a Thaw in Formerly Chilly Relations

By Henry Kamm
New York Times Service

ATHENS — Government officials here say that Albania is trying to improve relations with Greece.

In Rome, Italian diplomats say that they have reached a similar conclusion about relations between Italy and Albania.

Greece and Italy are among the few Western nations that keep embassies in Tirana, the capital of Albania. But the diplomatic relationship has not led to more substantial bonds.

Albania, though Communist, is not allied with any other Communist country and is a member of the bloc of nations that regard themselves as nonaligned.

The cautious warming of the Greek-Albanian relaoonship led last spring to a visit bere by an Albanian deputy foreign minister, Mubamet Kapllani. A Greek depnty foreign minister, Karolos Papoulias, is scheduled to return the visit next month.

The Greek government is reported to be pleased enough with the trend that it may be ready to shelve an issue that has troubled relations since the end of World War fl.

Greece contends that the two nations have been formally at war since Italian-occupied Albania took part in the invasion of Greece. It believes that a formal Albanian act is required to end it.

Albania says it was Italy that made war and that both Albania and Greece signed the Paris document that ended the war in Europe, in effect restoring peace. Albania also notes that the opening of diplomatic relations in 1971 meant they had made peace.

Past Greek governments avoided burying the matter because of reported pressure from ethnie Greeks in southern Albania. Some of them are said to consider their area part of the Greek region of Epirus.

The present Greek Socialist government is reported to believe that it can do more for the ethnic Greek minority by improving relations with Albania than by pushing unrealistic territorial claims.

Greece has also opened on a daily basis one of the two border-crossing points, previously passable only two days a week.

Albania is expected to make a similar move in another area soon.

Moreover, there are indications that Albania may soon make a gesture by beginning to train Greek-language teachers for the Greek minority.

Greek and Italian analysts, trying to explain Albania's move toward a thaw, said it has felt more isolated since the break with its only ally, China, in the late 1970s.

The analysts said Albania first tried to move toward an improvement with Yugoslavia, another independent-minded Communist country. That initiative failed and Albania is now making cautious approaches to the two nearby non-Communist countries.

■ Albania Breaks Off Talks

Albania on Saturday blamed the Yugoslav government for causing disruption of bilateral talks oo cultural cooperation. It also accused Yugoslavia of a policy of "cultural genocide" against ethnic Albanians living within its borders, The Associated Press reported from Vienna.

The talks in Belgrade started early last week, but officials sent from Tirana quit abruptly. The Albanian side accused the Yugoslavs of a "provocative, obstructionist and incomprehensible attitude."

In a lengthy editorial, carried by the state-run news agency ATA, the Albanian Communist Party newspaper Zeri i Popullit charged that the Yugoslav side insisted that the term "the autonomous socialist region of Kosova" be omitted in a program on cultural exchange.

Kosovo, called Kosova in Albanian, is an autonomous province of Serbia where Albanians account for about 80 percent of the population. Ethnic unrest in April 1981 erupted into bloody rioting.

Ceausescu Visits Bonn, Breaks Soviet Quarantine

By James Markham
New York Times Service

BONN — Breakiog a political quarantine imposed by the Soviet Union on its Eastern European allies, President Nicolae Ceausescu of Romania began a visit Monday to West Germany that underscored his efforts to forge a foreign policy independent of Moscow's dictates.

The two-day stay by the Romanian president has assumed an unusual significance for Chancellor Helmut Kohl's government, which is keen to demonstrate that it is sustaining a dialogue with Eastern Europe despite the prevailing frostiness between Washington and Moscow.

Mr. Ceausescu is the first Warsaw Pact head of state to visit a NATO country since the Soviet Union abandoned nuclear arms talks with the United States last year in protest nver the deployment of U.S. medium-range missiles in West Germany, Italy and Britain.

Last month, in quick sequence, both East Germany's Communist party chief, Erich Hnnecker, and President Todor Zhivkov of Bulgaria abruptly called off planned visits to West Germany, evidently bowing to stiff pressure from the Soviet Union.

The Soviet leadership is seen here as determined to punish Mr. Kohl for accepting the U.S. missiles last year, to demonstrate unily withio the Warsaw Pact and, according tn some diplomats, to assert its sway over its European allies before embarking on a renewed dialogue with the United States.

But Mr. Ceausescu, who earlier this year defied the Soviet-led boycott of the Los Angeles Olympics, immediately made it clear after the Honecker and Zhivkov decisions that he did not intend to downgrade Romania's ties with its most important Western trading partner by calling off his own trip. The Romanian president did, however, reduce an extensive five-day itinerary to a two-day stay centered on Bonn.

The arrival of Mr. Ceausescu here coincided with the start in Paris of a two-day visit by Janos Kadar, the veteran Hungarian Communist Party leader, who has cultivated close economic ties with the West.

In a long interview carried Monday by Die Welt, Mr. Ceausescu called upon the United States to halt the deployment of medium-range missiles in Western Europe. He said that "simultaneously" the Soviet Union should take "a corresponding step."

Bombings Reported at Zhivkov Visits

Reuters

SOFIA — Unconfirmed reports are circulating that bombs were set off in two towns on the day they were visited by Bulgaria's leader, President Todor Zhivknv. The bombings were said to have killed at least six persons.

The explosions — rare in Bulgaria, one of Eastern Europe's most stable societies — reportedly took place six weeks ago in the towns of Plovdiv and Varna. Western diplomats are still trying to piece together details of the incidents.

At the same time, unconfirmed reports circulatiog among the 1.5 million inbabitants of the capital, Sofia, about bomb attacks in other towns as far apart as the northern Danube settlement of Ruse and the Black Sea town of Burgas.

Authorities announced Oct. 9 that a man, Plamen Antonov Penchev, had been executed for sending parcel bombs that killed at least three persons in April. But diplomats said those incidents were unrelated to any recent events.

In the nnly official comment to date, the state news agency BTA said Sept. 21 that there had been "an act of criminal nature" at Plovdiv railroad station. It denied there had been bomb attacks in other cities.

But diplomats, and many Bulgarians speaking privately, said they were certain there were at least two apparently coordinated bomb explosinns in Plovdiv and Varna on Aug. 30.

Diplomats said that a bomb went off at evening rush hour at the railroad statinn of Plovdiv, Bulgaria's second city, killing at least six persons.

The second explosion was said to have occurred on the same day at the airport of Varna on the Black Sea. Details are slight and the casualty toll, if any, is unknown.

Diplomats said Mr. Zhivkov, 73, who has been in power 30 years, was traveling back from his summer vacation near Varna to Sofia and visited Plovdiv to check on a model collective farm that was to be shown to a Soviet Politburo member, Mikhail S. Gorbachov, 10 days later.

Nobody is suggesting an attempt nn the life of Mr. Zhivkov, an avuncular figure who enjoys a considerable degree of genuine popularity within Bulgaria.

But diplomats said the placing of explosive devices at towns visited by Mr. Zhivkov clearly indicates the incidents were an anti-state gesture of grievance.

INTERNATIONAL Herald Tribune
Published With The New York Times and The Washington Post

The Drift to Unilateralism

The tragic and despicable bomb attack Friday in Brighton overshadows the importance of what was said and done at the Conservative Party conference there, as well as what Labor Party members said and did the week before at their own conference in Blackpool. Nonetheless, there is one result of the Labor conference that must be noted, for it weighs significantly upon the future of the Western alliance.

This year the Labor Party not only listened to ouclear unilateralist speeches and cheered their fine sentiments, but actually and formally committed a future Labor government to expel American nuclear forces from Britain and to give up the country's own nuclear defenses.

Clearly the Labor Party's statement is in part a reaction to what has been happening in Washington. The arms-control policy of the Reagan administration has commonly been seen abroad — by Britain's left and in other countries as well — as a policy of obstructing arms control. But the problem has older and deeper sources. There is deepening trans-Atlantic disagreement upon bow the Soviet threat is to be assessed. Washington, in the last decade, has taken a view of the Soviet Union as much more aggressive, more determined to acquire and exploit military superiority, than most Europeans are prepared to accept.

In the past year, President Reagan and the U.S. government have moved eloser toward an accommodation with European views; the influence of the more practical and less ideological men in Mr. Reagan's entourage has increased. The president has a considerable record, both in California's governorship and in the White House, of dramatic statement followed by practical compromise. Certainly he is now looking for movement on the arms issue, and it is not unreasonable to predict, depending on who his second-term advisers would be, that Mr. Reagan would continue seeking common ground with the European governments.

Nonetheless, disagreements now run too deep to be remedied by mere shifts in policy emphasis. Vulnerabilities are seen differently on the two sides of the Atlantic, and there are different fears and ambitions as well. Nuclear unilateralism in Western Europe is meeting, and being reinforced by, a growing foreign policy unilateralism in the United States. Americans, reasonably enough, are asking why the United States should be expected to spend proportionately more on Europe's defense than Europeans are prepared to do, and to run nuclear risks the Europeans refuse — or scorn.

For many years, the Mansfield amendment, which called for withdrawal of U.S. troops from the North Atlantic Treaty Organization, was offered in the Senate and ritually rejected, serving as a kind of temperature-taking of alliance sentiment on the American side of the Atlantic. More recently, Senator Sam Nunn's motions, calling for the United States to withdraw from Europe if there is not drastic change in European spending on NATO, have become a regular event. These, unlike the Mansfield amendment, have become a serious matter.

But European nuclear unilateralism is also serious. It is a serious matter that the Labor Party — and earlier, in West Germany, the Social Democratic Party, both of them once bedrock supporters of the alliance — should have adopted what are not merely anti-ouclear positions but implicitly, even explicitly, anti-American ones.

The alliance is not in reassuring condition. The disintegrative pressures now being felt come from shifts in public opinion on the two sides of the Atlantic that are not to be taken lightly.

INTERNATIONAL HERALD TRIBUNE.

A Bush-Ferraro Tally Sheet

In the vice presidential debate, so far as a mastery of the facts of foreign policy is concerned, who won? Vice President George Bush said a good deal that could be argued with — the administration's standard, defensive positions on the multiple Lebanon bombings and on the stalemate in arms control with the Soviet Union, for instance — but be said it in a way indicating an easy familiarity with the material and a competence befitting his long experience in international affairs. Not much that was factually questionable; the likeliest item was his placement of blame for the collapse of the "walk in the woods" formula for reducing ouclear missiles in Europe. The Russians, said Mr. Bush, "gunned it down first." There is contention on that point from experts.

He asserted that the difference between Nicaragua and El Salvador on human rights is one of "night and day," saying the former is "devoid of buman rights" and the latter is "struggling to perfect [its] democracy." This is the rationale for the administration's hard line on Managua and its favor for President José Napoleón Duarte of El Salvador, but the Bush formulation overstates the case.

Representative Geraldine Ferraro was oot compelling in this area. There was a moment of suspense when the Democratic vice presidential candidate, whose knowledge of foreign affairs comes mostly from briefings, set herself the task of listing the members of the Contadora group. She got it right, but otherwise, she did not handle Central America in a reassuring manner. She was wrong when she said the administradon "has not been pushing" El Salvador on rights. You could argue whether it has been pushing hard enough, but it has been pushing. Nor did she seem to understand that, unlike El Salvador, Honduras and Costa Rica are not countries that Washington must "put all kinds of pressure on" to shape up. Neither is menacing; Costa Rica is a model democracy.

Ms. Ferraro was tough and sure in attacking the administration on the Lebanon bombings. Generally, she was ready on war and peace, but provided a telling glimpse of her inexperience. Asked whether the Russians might try to take advantage of her as a woman, she gave a jarring, unnecessarily explicit reply, posing [her questioner had oot] the question of a nuclear challenge and saying she would meet it "with swift, concise and certain retaliation." Ronald Reagan would have been lynched for saying something like that.

She erred in saying that Walter Mondale as president would challenge Moscow to halt nuclear testing "in the atmosphere." Tests in that environment were banned in 1963. She returned to the point and got it right on the second pass. In the area Ms. Ferraro describes as her main concern, she is not up to the speed that she rightly demands of a president.

— THE WASHINGTON POST.

Earned Honor for Carter

Jimmy Carter richly deserved every accolade he received on his visit to Argentina last week. At home the former president may be something less than honored these days, but in Buenos Aires he was hailed as the architect of a buman rights policy that saved countless lives during the Argentine travail of the 1970s.

It is easy to neglect the dimensions of the Carter achievement. A war was on in Argentina. It was begun by cold-blooded terrorists but pursued by a military leadership that in its blind and single-minded riposte lost its sense of justice, proportion and responsibility to the people the armed forces supposedly protect. Thousands of Argentines were swept up without a semblance of due process and were tortured, murdered or made to "disappear."

Jimmy Carter, by public condemnations and unpublicized interventions, by reducing military aid, by repeatedly (28 times) opposing development loans, mobilized heavy pressure against the Argentine junta's unspeakable violadons. Whether the junta eased up because of this or because it concluded that it had crushed its enemy is a fair question. Unquesdonably, Mr. Carter did what had to be done.

A "war" of another sort was on in Washington — between Mr. Carter and his human rights aides, and persons in the bureaucracy, Congress and elsewhere who felt that his crusade undercut traditional ways of diplomacy and traditional U.S. foreign policy interests, such as security and commerce. Mr. Carter himself was sobered to find the Argentine junta resisting when he set out to organize a grain boycott of the Soviet Union after its invasion of Afghanistan. His vice president, Walter Mondale, has recently acknowledged that the Carter rights policy was "a little preachy" and lacked the integration with security considerations that would have made it "more sustainable and more credible."

These are by now familiar criticisms, and they have some merit. But they take oothing away from what Mr. Carter did in Argentina. A finely tuned, balanced policy might have served better every U.S. interest except the overwhelming one of saving lives. Mr. Carter was strong and loud and pushy and preachy in Argentina. The striped-pants set went up the wall. They were wrong and he was right.

— THE WASHINGTON POST.

FROM OUR OCT. 16 PAGES, 75 AND 50 YEARS AGO

1909: U.S.-Mexico Summit Threatened

NEW YORK — The arrangements for the meeting between President W.H. Taft and President Porfirin Diaz have been modified. When the two Presidents greet one another at El Paso, Texas, [on Oct. 16], they will be surrounded by troops. The reason, according to the Chicago "Journal," is the discovery by the police of an Anarchist plot to assassinate both the Presidents. For the last two weeks the Anarchist groups in every town in this country have been showing extraordinary activity. The headquarters of the plot were in Chicago, where for several days the Secret Service Bureau has been exhausting every device in an effort to ascertain the identity of the men selected to kill the Presidents.

1934: Raymond Poincaré Is Dead

PARIS — Raymond Poincaré, France's wartime President, passed peacefully away at his home [on Oct. 15]. More than half of his 74 years Poincaré devoted to unstinted service of the Republic in war and peace, in the triumph of victory and in the dark days of near financial collapse. He had come to be regarded as one of the outstanding statesmen of modern times. As a demonstration of the French people's respect and gratitude for the man who held the helm of state through the war and then returned at 66 to save his country from bankruptcy and monetary ruin, a state funeral was decreed by the government with ceremonies on a scale with those witnessed at the funerals of Marshals Foch and Joffre.

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The Insulated Presidency: Why Is Reagan Shielded?

By David S. Broder

WASHINGTON — One of the continuing puzzles about President Reagan is the quality that his intimates see in him that makes them feel he needs to be shielded from the outside world.

Any president needs security protection against assassins and terrorists, of course. This one, who has been the target of one murder attempt, is, thank goodness, getting the best protection the skilled Secret Service can provide. That is not what I am talking about. I am talking about the political protection and insulation in which Mr. Reagan has been wrapped, often to his seeming disadvantage, by a succession of political aides and advisers.

The sheltered nature of his current campaign has been well discussed. The sites, and often the crowds, for Mr. Reagan's events have been carefully screened. In negotiations for debates, his handlers made it clear that they did not want genuine debates, but forums in which moderators and panels of questioners stand between him and his opponent. When he has a news conference — well, be has not had one since July, so there is no need to finish the thought.

But this is not a special condition imposed during the campaign. It has been a characteristic of his presidency. Rarely has Mr. Reagan been left unguarded and unattended to deal with issues and situations on his own.

Foreign diplomats and members of Congress have found that an invitation to meet this president is really a summons to a committee session, with the president surrounded by members of his staff, his cabinet and, often, Vice President George Bush.

As they describe the sessions, the president often does little more than offer an opening word of welcome. Then he settles back to listen as the others discuss the matter at hand.

When journalists are invited in to bear the president talk informally, we find that several members of his top staff — busy people with work of their own to do — draw up their chairs to the table. There is, in short, a lot of hovering around.

It has never been clear to me just what it is that the people in this protective phalanx believe they are protecting. Mr. Reagan is a fine conversationalist, perfectly at ease with people. There are no visible signals that pass from the aides to the president in these sessions, nor does he seem to need their instruction to know what to say. Yet they always seem poised to intervene — as if he were going to need help.

Some people who have worked for Mr. Reagan over the years, and no longer do, tell me they believe he has a strong distaste for any kind of personal confrontation. He does not like to be contradicted or even closely questioned on his views, they say.

That is understandable. Most of us do not savor the experience. But sensitive souls with thin skins do not usually become union presidents or conduct contract oegotiations, as Mr. Reagan did when be was head of the Screen Actors Guild. They do not go into politics and become governor and president. The "shrinking violet" theory is implausible.

The other theory I have heard from these former intimates makes more sense. It is that those who work with Mr. Reagan quickly come to understand bow little his policy views rest on information or facts, and how much they rely on his instincts and long-cherished beliefs.

Even to an outsider, it has long been obvious that policy analysis is not Mr. Reagan's favorite indoor sport, or even close to the top of the list. The books on the Reagan presidency by Lou Cannon, Strobe Talbott and Laurence I. Barrett abound with anecdotes illustrating the incumbent's often shaky hold on relevant information.

There are a couple of good reasons why the inner circle of advisers would want to shield that kind of president from outside contacts. It makes it easier for them to channel the flow of information to him in ways that move policy in the direction they want it to go. And, as people to whom information and facts are important (indeed, the staple of their business, as of mine), they may have an exaggerated notion of the importance of concealing from the public Mr. Reagan's indifference to expertise.

An outsider cannot judge the extent to which Mr. Reagan's conduct of the presidency is hampered by his distaste for close analysis of policy. After almost four years in office, he is entitled to be judged by the results, as voters will soon be doing.

But it is striking that so much of the energy of the top White House people — a talented group, for the most part — is siphoned off to the task of shielding the man in charge. Whatever it is they know about Mr. Reagan, it is something they do not want us to find out.

The Washington Post.

Two Elections Are Going On; Reagan May Lose One

By Kevin Phillips

WASHINGTON — The last two elected Republican presidents to seek a second term — Dwight Eisenhower in 1956 and Richard Nixon in 1972 — won landslide victories themselves, but the Republican Party gained little or nothing in the congressional races in those years. That shortfall left House and Senate Republicans unable to give the president critical second-term political and policy support on Capitol Hill.

That helped speed Eisenhower's evolution as a lame duck in the late 1950s, and it helped leave Mr. Nixoo wide open to congressional Watergate forays in 1973-74.

My point is that post-World War II Republican presidents who have been able to win only personal reelection victories, and who have been thwarted in trying to structure a broader new politics, have found their second terms a source of disappointment and frustration.

Democrats may be making meaningful October gains. Not only did Walter Mondale's substantial success in his first debate with President Reagan improve his weak image, it raised oew doubts about Mr. Reagan. This is an obvious blow to Republican ambitions. No party can posture itself as the wave of the future while its incumbent 73-year-old president is being scrutinized for the onset of senility. Almost by definition, the age issue works against realignment.

Vice President George Bush's confrontation Thursday night with his Democratic rival, Geraldine Ferraro, was also relevant. Public reaction to the two vice presidential candidates may not greatly affect the votes cast for the Reagan and Mondale tickets, but the public's reaction to Mr. Bush — who by most polls is the favorite to be the Republican Party's presidential oominee in 1988 — must inevitably influence the public's view of whether the Republicans should be promoted to majority status.

Polls last month suggested that many Americans were beginning to contemplate that promotion, but attitudes this month seem less favorable.

Much the same thing happened in 1972, the year the Democrats flirted with long-term disaster by oominating George McGovern for president. Polls in September profiled a voter mood on the verge of creating a broad Republican opportunity extending far beyond the re-election of Mr. Nixon. Then in October the Watergate scandal began to take on serious dimensions and the public began to pull back from its flirtation with a new mandate and a new majority for the Republican Party.

When the dust settled, the Republicans had lost two Senate seats and gained only 12 in the House of Representatives. Essentially that same result could occur this year.

If late September's 20- to 25-point margins for Mr. Reagan give way to 8- to 10-point margins in late October, the likelihood of the Republicans gaining full control of Congress will be about nil. In fact, if the president's margin tightens into the 10-point range, Republican strategists would probably settle for losing only two Senate seats and winning a dozen or so House seats.

And it is possible that the Republicans could do worse. A 1984 Republican loss of three or four Senate seats is not out of the question.

Surveys since the Reagan-Mondale debate suggest that the Republicans have lost some of the burgeoning preference apparent in late September, and they may find this lost momentum hard to recover. The president is now on the defensive, and there is much less likelihood that he will be able to stump effectively for a Republican takeover of Congress.

For the Democrats, heavy repudiation in November oow seems less likely. If they can block any meaningful Republican gains in Congress, they can keep ideological control of the House in 1985-86 and posidon themselves to restore the Senate to Democratic control in 1986.

All of this would be bad news not just for the Republican Party but for President Reagan's chances of dominating Congress during the so-called "window of opportunity" in early 1985. Failure to demonstrate coattails would cost him clout. His chances of a successful second term would be diminished — thus the importance of the debates.

Short of a major display of ineptitude — and his first debate performance was hardly that — the president remains a good bet to win re-election by an 8- to 12-point margin. Presidents seeking a second term in the 20th century have usually won or lost quite decisively, and the current prosperity and public affectioo for Mr. Reagan provide a good re-elecdon foundation at that level.

But the second election, the larger search for a new national mandate, is not going so well for the Republicans. So 1984 may bring another contest in which the public shrinks back from displaying full trust in either party.

The writer, publisher of the American Political Report and Business & Public Affairs Fortnightly, wrote this article for the Los Angeles Times.

In Britain, Labor Bans the Bomb, Hurts Its Chances

By Peter Pulzer

OXFORD, England — At its recent annual conference, Britain's Labor Party banned the bomb and intermediate-range missiles. It has done so before and will do so again — something that tells us a little about the state of the Western alliance and a great deal about the state of the British left.

Most political parties have their litmus test of ideological purity; in the Labor Party it is the question of war and peace.

In reaffirming its belief that bombs are bad, Labor brushed aside a warning against "political amnesia" that its leader, Neil Kinnock, uttered in his keynote speech. Amnesia in this case refers to Labor's disastrous defeat at the polls last year, and the reasons for it.

Even with a different defense policy, Labor would probably not have won that election. But the two biggest nails in its coffin were speeches a few days before polling day by its defense expert, Denis Healey, and former Prime Minister James Callaghan in which they said that, contrary to their party's declared platform, Britain should not give up its Polaris submarines without a Soviet quid pro quo. Mr. Healey and Mr. Callaghan dramatized what everyone knew already: The party was deeply divided on defense policy in general and on ouclear weapons in particular.

That is the inevitable effect of litmus tests. Designed to unify a movement around the enthusiasts' battle cry, they merely confirm that the silent majority is also an ideologically impure majority. At no time during the election campaign did more than one-fifth of voters favor unilateral ouclear disarmament; at no time did more than one-third of Labor supporters favor it.

The explanation for this is that the Labor Party embodies oot one but two foreign policy traditions: of anti-war bumanitarianism and of popular patriotism. For most of its history the first has predominated. It is only at moments of national crisis that the secood displaces it.

Many party founders were pacifists. Labor leaders opposed British entry into World War I, although without support from the party majority. Between the wars Labor supported collective security through the League of Nations. This was in many ways an escape from hard decisions. It enabled the party to vote against the Conservative government's fairly modest defense budgets until 1937, four years after Hitler had come to power. The coming of the nuclear age merely intensified the debate.

This distrust, not only of armaments but also of any active foreign policy, has deep roots in the Anglo-Saxon radical tradition and the nonconformist conscience. Wars, it is argued, benefit not the people but only the militarists, the merchants of death and purveyors of power politics. Wars happen because democracy is imperfect; the solution therefore lies in domestic politics. The aim of the left must be to subordinate the makers of foreign policy to democratic control by depriving them of the instruments of power.

How much truer this is of the nuclear age, which gives absolute power to the presser of the button.

The embodiment of working-class patriotism was Ernest Bevin, who in 1935 derided Labor's Christian pacifist leader, George Lansbury, for "taking your conscience from body to body asking what you ought to do with it"; who, as minister of labor, was the mainstay of Churchill's wartime cabinet, and who, as foreign secretary after 1945, was the intellectual godfather of the Marshall Plan and the North Atlantic Treaty Organization.

Why, then, has the party of Bevin become the party of Michael Foot, of Neil Kinnock and the Campaign for Nuclear Disarmament? Part of the answer lies in anti-Americanism, part in growing polarization.

A unilateralist Labor Party cannot win an outright electoral victory in Britain.

Labor has always been as ambivalent about the United States as about armaments. The cradle of democracy, the home of the New Deal, the pioneer of a non-elitist educational system and grass-roots political participation could not be all bad. The anti-American strand did not become dominant until the Vietnam War, which the Labor leadership failed to condemn. It has been reinforced by the deterioration of alliance management under Jimmy Carter and Ronald Reagan.

But as the party has become more leftist, and unilateralist, it has lost more of the popular-patriotic constituency; and half its pro-NATO leaders have deserted to found the Social Democratic Party. Labor's left has secured a bigger hold on a smaller party.

Unless there is an unprecedented change in the world situation and British public opinion, a unilateralist Labor Party cannot win an outright electoral victory. If, against the odds, it did win it would come up against every utopian's bugbear: the constraints of the real world.

Britain is not New Zealand, whose actions can leave the general security balance largely unaffected. The Labor Party conference may have voted against nuclear bases, British or American, but it voted for strengthening convendonal forces and for staying in NATO. It stopped well short of neutralism and pacifism.

Socialist parties in power — whether in France, Italy, Spain or Greece — have not reneged on national commitments. Any Labor government in Britain would have Denis Healey, a veteran Atlanticist, as foreign secretary, and other Atlanticists in senior posts. It is one thing to pass resolutions in the free air of opposition, another to implement them in the prison house of interdependence.

The writer, Gladstone professor of government at Oxford, wrote this column for the Los Angeles Times.

'Ugly Concept of a Winner' in Nuclear War

LOS ANGELES — *In the course of George Bush's debate with Geraldine Ferraro last Thursday, this exchange occurred between NBC News correspondent Norma Quarles and Vice President Bush:*

Question: You were once quoted as saying that a ouclear war is winnable. Is that still your belief? And if not, under what circumstances would you use nuclear weapons, if you were president?

Answer: No, I don't think it's winnable. I was quoted wrong, obviously, because I never felt that.

The statement Mr. Bush denied making was part of a tape-recorded interview conducted in January 1980 by Robert Scheer, a Los Angeles Times correspondent. It appeared as follows in the Times of Jan. 24, 1980:

Question: Don't you reach a point with these strategic weapons where we can wipe each other out so many times and no one wants to use them or be willing to use them, that it really doesn't matter whether you're 10 percent or 2 percent lower or higher?

Answer: Yes, if you believe there is no such thing as a winner in a ouclear exchange, that argument makes a little sense. I don't believe that.

Question: How do you win a nuclear exchange?

Answer: You have a survivability of command and control, survivability of industrial potential, protection of a percentage of your citizens, and you have capability that inflicts more damage on the opposition than it can inflict upon you. That's the way you can have a winner, and the Soviets' planning is based on the ugly concept of a winner in a nuclear exchange.

Question: Do you mean 5 percent would survive?

Answer: More than that — if everybody fired everything he had, you'd have more than that survive.

Los Angeles Times.

On Stopping A Bolt From The Blue

By William Safire

WASHINGTON — Eighteen months ago, in the informal talks after a nuclear arms-control session, a Russian negotiator said casually to an American counterpart, "What if Qadhafi got the bomb?"

In response, the American merely winced — such a prospect is one that all of us hate to face — but he duly noted the Russian's concern about the possession of a nuclear device by a terrorist state.

Today, the successful escalation of terror tactics against the United States, by fanatics in the Middle East, is the most serious campaign issue raised by the Democratic candidate against President Reagan. At the same time, the close call endured by Margaret Thatcher and her cabinet at the hands of Irish Republican Army bombers has driven home to Europeans the rising threat of terrorism.

Project this threat ahead five or ten years. After we figure out a way to stop trucks and hand-delivered bombs, we must expect the terrorists to improve their delivery systems. A West German company has delivered the components of a medium-range missile to the Libyans; only the most cockeyed optimists think that terror states will not be able to buy intercontinental missiles on the secret arms market by 1990.

Logic suggests that, sooner or later the terrorists' bombs will be nuclear.

Unrest assures that Colonel Qadhafi — or the successor to the dying ayatollah, or perhaps some paranoid Sandinist — will one day possess both an atomic bomb and a missile that can take it across an ocean.

In some future extremis, a terror-state leader will tell Washington or Moscow that unless some concession is made, a world capital will be destroyed. Retaliation would mean nothing to a suicidal bomber; he could not be deterred in any way short of surrender to his demands. What could civilized leaders, in their muscle-bound helplessness, do to a canny madman who welcomes mutual assured destruction?

We are running away from that question, finding security in our old thinking that the threat is from a rational superpower and the greatest worry is an escalation of a conventional war. But consider the unthinkable: World War III may not be the Soviet Union versus the Free World, but terrorism versus civilization.

The only serious suggestion put forward so far is that plan so glibly derided and dismissed by scientific doubters and the frozen arms-control establishment as "Star Wars," and so hastily written off by Walter Mondale as "militarizing the heavens."

The derogating knee-jerkers live with today's threat, with which they are comfortable, but refuse to deal with tomorrow's threat, which is looming larger. That threat is from superterrorism, armed with atomic missiles in a defenseless world. At the least, superterrorism will be able to hold millions hostage to one bolt from the blue, and, at the most, be able to trigger accidental or mistaken war between superpowers.

Space defense would make it possible for the superpowers to detect a missile in its booster phase and shoot it down before it destroyed a city.

In the Soviet Union, we see signs of a struggle between polemical bureaucrats and practical soldiers. Marshal Nikolai Ogarkov's bid for power, based on technological realities, has not been wholly squelched; his protégé at the Standing Consultative Commission, Lieutenant General Viktor Starodubov, has not been purged.

That suggests that although the Russians fear U.S. advances in space defense and are trying to block an American anti-satellite test scheduled for next month, the key to offensive arms control could be found in mutual defense against superterrorists and insurance against accidents.

"Could be" is not "is," nor should we forget that most active terrorists today are supported by the Russians. But Ronald Reagan's offer to share space-defense technology is the most daring peace proposal made by an American president, on a historic level with Eisenhower's warning of a military-industrial complex.

The New York Times.

LETTERS

For a United Europe

Regarding the report "Labor Party in Britain Backs Policy of Unilateral Disarmament" (Oct. 4):

James Callaghao's statement about unilateral disarmament could not be truer — unilateral nuclear disarmament *is* impossible. Its political and military consequences would be disastrous, because Britain is one of the most significant members of the Western alliance. But what does Mr. Callaghan mean when he indicates that Belgium, the Netherlands and Denmark are not?

Britain in our century can win pyrrhic victories against countries such as Argentina, but it cannot survive alone. Its economic, political and military sectors are oot strong enough. Britain must ask itself where it stands. For myself, I am a European for a strong, independent Europe.

MAX-OLIVIER CAHEN.
Brussels.

No Shame in a Pause

Because once or twice in the debate against Walter Mondale, President Reagan paused momentarily, critics screamed, "He's slipping, it's his age!" Do they want a president who yammers like a Xerox machine?

Walter Mondale, with nothing to defend, can be glibly accusatory. Responsibility demands more careful expression. The logic of Mr. Reagan's replies seems to have been lost in the clamor for smooth machinery noise.

R.H. MacKENZIE.
Bromsgrove, England.

On Stopping A Bolt From The Blue

By William Safire

WASHINGTON — Eighteen months ago, in the informal talks after a nuclear arms-control session, a Russian negotiator said casually to an American counterpart: "What if Qadhafi got the bomb?"

Mehmet Ali Agca: From Frustration to Terrorism

(Continued from Page 1)

met Ali, then 15, came into contact with the Gray Wolves — the militant youth wing of the extreme rightist National Action Party.

"Agca is a very Turkish monster," said Haluk Sahin, editor of the Turkish newsweekly Nokta. "In order to understand him, you also have to understand the Turkey of the 1970s. These were the years of social frustration and disappointment that followed the rapid economic growth of the 1960s. For a Turkish youth, joining a terrorist movement was like acquiring an identity."

Sociological studies in Turkey have shown that leftist and rightist activists shared similar attitudes. For most young Turks, membership in a political clan was more a matter of chance and social compulsion than personal conviction.

"It was like that in those days," said Yalcin Ozbey, an Agca associate from Malatya, when asked in an interview in West Germany, where he now lives, to explain why he became a Gray Wolf. "There was a kind of blood feud going on. You were practically forced to join one side or the other."

The Gray Wolves controlled the part of town where Mr. Agca lived. He was also a Sunni Moslem and many Sunnites tended to be rightist, while their religious rivals, the Alawites, were generally leftist.

Political agitation in Malatya was fueled by the province's economic backwardness, as disparities in wealth became increasingly visible through television and modern communications. According to Ismail Kovaci, a Turkish journalist who has researched Mr. Agca's background, resentment fostered his desire to find a short cut to worldly success.

"Agca suffers both from jealousy and delusions of self-grandeur," Mr. Kovaci said. "For him, terrorism represented a way of leaving his mark on the world."

Many people who encountered Mr. Agca both in Turkey and in Italy have spoken of his "Carlos complex" — his image of himself as a top-flight international terrorist. His desire for personal publicity seems unquenchable. At one point in the Italian investigation, he refused to talk further when magistrates refused his demand that journalists be present as be "confessed."

By the age of 18, Mr. Agca had abandoned an early ambition to become a teacher, but in the fall of 1976, he enrolled in the history and geography department of the University of Ankara, staying in a rightist-controlled dormitory.

The extent of Mr. Agca's involvement in the political clashes that then dominated student life is not clear. In testimony to Italian magistrates, he stated that in the summer of 1977 he traveled to Syria and Lebanon with the help of Turkish leftist terrorists for training in Palestinian refugee camps. There is no concrete evidence to support this claim.

There is evidence, however, that between December 1977 and January 1979, a total of 360,000 Turkish lire (about $15,000 at the exchange rate then) was paid to bank deposits in Istanbul and Malatya set up in Mr. Agca's name.

After refusing to reveal its origin, Mr. Agca now says the money came from a smuggling operation that he and a group of friends organized in Istanbul. The aim of the operation, he told Turkish magistrates who visited him in Italy, was to fund a political organization to "undermine the Western democracies," including Turkey.

By Mr. Agca's account, the "organization" consisted of a group of youngsters from the Malatya region. Most of them have since been identified in one way or another with the Gray Wolves: Oral Celik, Yalcin Ozbey, Yavuz Caylan, and Mehmet and Hasan Sener.

The controversial relationship between the Gray Wolves, ostensibly a political organization, and the band of smugglers known as the "Turkish mafia" is central to the mystery of whether Mr. Agca and his friends were manipulated by outsiders. It has been studied closely by Turkish and Italian investigators seeking clues both to Mr. Ipekci's still unsolved murder and the attempted assassination of the pope.

During the 1960s and 1970s, smuggling of all kinds of goods, from cigarettes and coffee to copper and guns, became organized business in Turkey. The overprotected domestic economy was in chaos, corruption was rampant, and import and export regulations were strangled in red tape.

Abuzer Ugurlu, known as "the godfather," was born in Malatya province, and by his late 30s was wanted in half a dozen European countries on suspicion of being the leader in an illicit trade of arms, cigarettes and narcotics to and from Turkey.

Much of Mr. Ugurlu's business seems to have been conducted through Bulgaria, which straddles Turkey's transportation lines with Western Europe. According to testimony from fellow smugglers, he illegally imported weapons into Turkey with the connivance of the Bulgarian authorities — a crime for which he was convicted in 1974 and later released under a Turkish government amnesty.

For this smuggling operation, Mr. Ugurlu needed agents in the Turkish Customs Ministry. It is now known that key customs posts were infiltrated by supporters of the extreme rightist National Action Party, the political wing of the Gray Wolves, during the late 1970s.

It was a self-serving relationship. Mr. Ugurlu's interest was making money, but he needed political protection. The National Action Party, whose leader, Colonel Alparslan Turkes, served as deputy prime minister in successive conservative-led coalition governments between 1975 and 1978, needed funds for his political aims.

Mr. Ugurlu is now on trial in Turkey on charges of helping to plan Mr. Ipekci's murder and assisting in Mr. Agca's escape from prison by providing financial support to his group. Evidence for Mr. Ugurlu's involvement in the murder rests largely on Mr. Agca's testimony.

Mr. Agca's assertion that he and his friends received funds from the "godfather" is to some extent supported by the fact that Mr. Ugurlu can be shown to have authorized a payment of 2,000 Deutsche marks (then about $800) to Mr. Agca in Bulgaria in July 1981.

It is now up to a Turkish court to decide whether Mr. Agca is telling the truth when he claims that Mr. Ugurlu was involved with his group well before the Ipekci murder. The "godfather" has denied meeting Mr. Agca, but he has acknowledged that he had contacts with other Gray Wolves.

Proponents of a "Bulgarian connection" to the papal plot have argued that the Turkish mafia used Gray Wolves like Mr. Agca to do their dirty work and were in turn used by the Bulgarian secret service. When the Bulgarians needed a hit man to kill the pope, this theory runs, they asked the Turkish mafia to act as intermediaries.

This version has been disputed by independent Turkish researchers such as Orsan Oymen, formerly chief investigative reporter for Milliyet, Mr. Ipekci's newspaper, a leading authority on Mr. Agca.

"My opinion is that it was the other way around. It was the Gray Wolves who were in a position to ask favors from the mafia. They were the ones with the political influence at the time, because of their control over the customs ministry," Mr. Oymen said in an interview in Bonn, where he now works as the paper's correspondent in West Germany.

Abdi Ipekci was murdered on the evening of Feb. 1, 1979, as he drove home from his office in Istanbul. Witnesses spoke of a team of two or three assassins escaping in a getaway car.

Mr. Ipekci's newspaper, Milliyet, had been regarded as a leading voice for tolerance and national reconciliation and his death seemed to confirm that there was no place in Turkey for political moderates.

Mr. Agca's testimony about the Ipekci murder has gone through various transmutations. The tactics he employed with his Turkish interrogators provided a foretaste of his answers when questioned in Rome about the attempted assassination of the pope.

In Turkey, his initial reaction was to say that he alone had murdered Mr. Ipekci. He then admitted that he had accomplices, but assigned them a different role in the plot with each successive interrogation. He now claims he did not kill Mr. Ipekci but took the blame to cover up for his friends.

Soon after his arrest for the murder of Mr. Ipekci, Mr. Agca told a Turkish military judge that the mandatory sentence of death "will never reach me." On Nov. 23, 1981, he escaped from the Kartal-Maltepe military prison in the uniform of an army private that had been provided to him by a guard.

The mechanics of his escape provide important pointers to the identity of his close accomplices. Almost all those who assisted in his escape, who hid him in Ankara, and then supplied him with a false passport to travel to Iran was associated in one way or another with the Gray Wolves. Many of them came from Mr. Agca's own region of Malatya.

A prison guard, Bunyamin Azeryilmaz, has confessed to Turkish magistrates that he led Mr. Agca out of the prison in return for a $4,000 bribe and because they both shared "rightist views." According to Turkish court documents, the key role in organizing the escape was played by Mr. Agca's Malatya friend, Oral Celik.

Several Gray Wolves, including Mr. Agca, have testified that Mr. Celik arranged for money and guns to be smuggled to Mr. Agca in prison, sent him to Ankara by car when things were getting too hot in Istanbul, and made arrangements for Mr. Agca to seek refuge for two months in Iran, then in the throes of its Islamic revolution. Mr. Agca has now accused Mr. Celik, along with Yalcin Ozbey, of murdering Mr. Ipekci.

The picture that emerges from court documents and testimony by Mr. Agca's friends is of an organization within an organization. The Gray Wolves have been depicted as the paramilitary youth wing of the neofascist National Action Party led by Colonel Turkes. In fact, the command structure seems to have been a loose one, including semiautonomous factions that did not necessarily take their orders from the top.

Mr. Agca's group was largely made up of youths from Malatya — a part of Turkey known for its tightly knit personal relationships. It was this group, which looked to Mr. Celik as its leader, that carried out the murder of Mr. Ipekci, according to the report of the Turkish military prosecutor. Members of the group were later to reappear in Western Europe prior to the assassination attempt on the pope.

Three days after his escape from prison, Mr. Agca wrote a letter to Milliyet, the late Mr. Ipekci's newspaper, threatening Pope John Paul II, who was about to visit Turkey.

In language markedly similar to that of editorials of extreme rightist newspapers at this time, Mr. Agca described the pope as "the commander of the crusades" against Islam and said: "If this visit ... is not canceled, I will without doubt kill the pope-commander."

This letter has been interpreted in different ways. Some Turkish investigators believe it suggests Mr. Agca was thinking about killing the pope as early as 1979, before his trip to Bulgaria in mid-1980. The Italian prosecutor, however, has accepted Mr. Agca's contention that the threat was a diversion to ease his escape from Istanbul by focusing police attention on the pontiff.

NEXT: The Road to St. Peter's

United Press International

Pope John Paul II talking with Mehmet Ali Agca in his prison cell in Rome last December.

LETTERS

For a United Europe

No Shame in a Pause

ARTS / LEISURE

Milan Showings Set Off Revival of Prints and Color

ACCORDING to a cross section of American buyers who were in Milan last week, prints and color were a major story there, as well as new, more feminine proportions.

Prints, which were all but extinct, had a spectacular revival, making solids suddenly dull. With Paris designers reportedly emphasizing prints (with even sequined ones), there are all the signs of an international trend. A recent retro-

HEBE DORSEY

spective at the Musée de la Mode et du Costume in Paris, called "L'Imprimé dans la Mode," may well have sparked the whole thing.

Prints are also part of the return of color, which has swamped daytime clothes and is gradually spreading to evening. After last year's solid sea of black dresses, women are now ready for something more jolly.

Hot colors after dusk still seem hard to take, however. Princess Caroline of Monaco had the perfect answer at a recent Moulin Rouge gala at which Frank Sinatra sang. She wore a strapless Dior dress in a cheerful black and green print.

In Milan the most striking prints, according to buyers, were at Versace's, Byblos's, Genny's and Fendi's — the latter designed by Karl Lagerfeld. These prints were not the bashful kind. They were all strong, big and colorful.

"Karl Lagerfeld did exceptional prints for Fendi," said Kal Ruttenstein, Bloomingdale's vice president of fashion direction. "Some were graffiti-inspired. Others were on a black background with bright colorations — in the spirit of what he used to do for Chloé but with the initials 'KL' worked into them." Ruttenstein said both Lagerfeld and Versace had mixed two or three different prints in the same outfit.

Still at Fendi's, Ruttenstein also mentioned face prints, inspired by Jean-Paul Gaultier. Lagerfeld told the editor of French Vogue, Francine Crescent, that he had worked out his prints with paper cutouts, which explains why some of them ended up looking like kaleidoscopes. Byblos showed exotic South Seas multifloral prints.

Selma Weiser, president of Charivari's women division, was raving about Versace's mixture of black and white stripes with paisleys. Other prints, she said, were lush, black-and-white florals, and still others were thinly outlined and more like giant sketches.

Bergdorf-Goodman's president, Dawn Mello, confirmed that prints were big in Milan.

"Fendi was a good surprise," she said, "a very upbeat collection, full of prints."

Milan designers, taking their cue from Paris, also abandoned beige and went for very strong yellows, oranges, greens, fuchsias, reds and purples. Claude Montana did the whole Complice collection in strong pastels.

On the whole, American buyers were pleased with Milan. Mello said, "Milan opened up and there was a lot to buy."

According to Ruttenstein, "Milan was pretty good. There was a lot more variety than usual, much more color. There are new proportions, shorter skirts and longer jackets.

"It seems as if everybody is going away from menswear as we know it. Even Armani, who had a brilliant collection but whose success is rooted in men's wear, took all the seriousness and pompousness out of it. His approach was lighthearted and casual."

Lynn Manulis, Martha's president, said that menswear (shown by international designers six months ago and now in the stores) was "a hard sell" and welcomed "a more interesting and more feminine scene in Milan."

"We've got a big mix of looks," said Manulis, who loved Ferre. "His colors were fabulous and jackets so new — simple yet intricate."

Stronger silhouettes also impressed Sonja Caproni, vice president of fashion merchandising for I. Magnin.

"Essentially, the menswear last season really dealt with a lot of different fabrics," she said. "This time, there were more silhouettes and less fabrics. I think a woman does shop by silhouette first. She buys a shape that looks good on her."

Caproni found Armani "very exciting, with 25 different jackets," and Ferre very much in control, with his whole collection worked around a shirt theme.

"There is a change of proportions since last season," she also said. "The jackets, instead of looking three sizes too big, are beginning to look almost too small, closer to the body, sensational.

With a strong dollar, all stores were planning on spending more money on European fashion. Bloomingdale's is concentrating on Italy because the store's next promotion in September 1985 is called "Ecco l'Italia."

Meanwhile, buyers are always on the lookout for fresh talent. According to Sydney Bachman, fashion director for Bergdorf-Goodman, two interesting collections in Milan were designed by two young French people.

"Callaghan was designed by Christian Lebourg, who worked at Dior's," she said. "He showed a very clean, simple and uncomplicated look. Another young designer, Martine Sitbon, had a collection very '60s in feeling, with geometric, Op art, black and white prints. The latter's collection is produced by Franco Mattioli, who also produces Ferre."

In Paris, the Féderation Française du Prêt-à-Porter Féminin is trying to push new names, with Tuesday's showings devoted to eight up-and-coming new designers.

DOONESBURY

Somber 'Little Steven' Takes Tunes to South Africa

By Michael Zwerin
International Herald Tribune

PARIS — Originally known as Miami Steve Van Zandt, although he comes from Asbury Park, New Jersey, and as far as official records show never lived in Miami (Ohio or Florida), he built an enthusiastic following over seven years as guitarist with Bruce Springsteen's powerhouse E Street Band.

Two years ago he went out with his own band, Little Steven and his Disciples of Soul. His first album, "Men Without Women," was punchy, hard-driving blue-eyed soul dedicated to swing at any price and without much noteworthy other than energy.

But this year's "Voice of America" is tempered by a personal and apparently unique — in rock 'n' roll — political point of view based on a passionate internationalist message. Steven considers rock "motivation more then entertainment" and the album's title is intentional ambiguity between radio station propoganda and his vision that patriotism extends beyond borders to the common ground human beings share.

That puts him in lonely space. "Do you know any other rock artist working in global politics?" He wore a glum look. The babushka-like kerchief he always wears makes him resemble a perpetually scowling Gypsy. There were three smiles, stretching the definition, in a one-hour interview.

He says his new record is a statement he's been waiting his entire life to make, and internationalism is at the root of it. "The whole philosophy in America is completely wrong now. I consider what they call the New Patriotism just old-fashioned blind nationalism. As long as our economy is strong, who cares at whose expense it is? Nobody cares what goes on beyond our borders. It's very distasteful to me. It's mass manipulation. America has never been as manipulated as it is now. And the American people love it. Isn't that a shame?

"As far as I'm concerned, you're only as successful as your hungriest child. What's this talk of economic recovery when you have millions of people starving? What kind of country is that?"

So he is more interested in foreign markets than most rockers. "I think it's important for Europeans to know that there are some Americans who do not want to make their homes the next battle ground."

The basic premise of his work is to reach an audience beyond U.S. borders. He is proud of being on the Swedish charts. He's been in Europe three times last year and twice this year, playing the Rock Palast TV show in West Germany twice. He said, "I took the last money I had out of the bank to get here this time. And I don't care. I'd do it again. They say you can't do it this way. You have to have a hit and then go. I say I don't work like that. I'm not going to have a hit. I don't fit in. People have to get used to me."

Last week he ended a two-month European tour at a jam-packed Casino de Paris. This week he is in South Africa, alone, "to start researching my next album. Not to perform. To look around. To speak to all sides, exchange points of view. But I see certain contradictions there."

What Little Steven has to say may be controversial. But a bona fide rock star who thinks for himself is a rare and endangered species, worthy of protection.

Christian Rose

Singer Van Zandt: "I want to bother the hell out of them."

"What's happening down there, from what I hear, is that we are punishing the people we are trying to help. The cultural boycott began because of what what was considered exploitation of the black audience by white promoters. This is a legitimate objection. But recently an integrated South African band came to London and were picketed. That's insanity. What does it accomplish? It's grown out of hand. If the information I'm receiving is correct, I can go down there, self-promote and play for integrated audiences.

"I think it's essential to keep lines of communiction open. You go to Soweto and see those kids and think how isolated they are, that's very wrong. I want to go down there without a promoter and sing my lines like 'Everything we stood for has been compromised' and 'I been quiet, too quiet,' and songs like 'Solidarity' and 'I am a Patriot.' To picture maybe 1,000 blacks and whites in a hall all raising their fists singing 'Solidarity' is a bit more meaningful than not going."

"Look," he said, "everybody likes to dance. That opens lines of communication. If you got something to say, they'll listen. Maybe not every night or every word, but keep hitting it and you'll get through. What other art form communicates so internationally? Rock 'n' roll is not just entertainment. Entertainment is cool. There's a place for that. I'm not putting it down. But there's also an opportunity to do much, much more.

"My music is emotional. That already puts me in the minority. Then it's political. That knocks off another, like, five percent. People have gotten used to rock as background music. But you can't put on my record and ignore it. You got to listen. That may be good from my point of view but not from the point of view of a radio station whose only point of view is selling people Toyotas: 'Just keep them tuned in. Don't bother them.' I want to bother them. Yeah, man, I want to bother the hell out of them."

Hot Off the Presses: New Edition of Hieroglyphics

By Vicky Elliott
International Herald Tribune

PARIS — Michel Sidhom looks a little like Akhenaten, with a high brow and a curled lip, and he, too, was born in Egypt, to a Coptic family.

For the past two years Sidhom has been answering a self-posed riddle — how to reproduce the volume in which Jean-François Champollion put the meaning back into the hieroglyphs.

"General Principles of Egyptian Sacred Scripture," published in 1841, is a text of some weight, and if not carved in stone, it remains almost impossible to find today. The Louvre has one copy, which Sidhom borrowed. Better yet, in the fusty Bibliothèque Nationale he tracked down the original manuscript in Champollion's own hand.

"Nobody," he said recently, "seemed to know about it, and nobody had ever reproduced it."

It spells out, in 580 pages, the logic of the figures that march across the sarcophagi and the steles, a logic that was lost for more than a thousand years. And it remains an important key to the life of the priests and the pharaohs, making sense of the rippled water and the quills, the lotuses and ibises, that live on in the graves of the Valley of the Kings.

Champollion, who as a young French Egyptologist of 32 pieced together the puzzle in 1822 with the help of the Rosetta Stone, died prematurely 10 years later, leaving his brother to publish his work.

Sidhom, a French journalist of 32 and no Egyptologist himself, wanted to publish a new edition.

Encouragement came from Christiane Ziegler, curator of Egyptian antiquities at the Louvre and, as such, one of Champollion's successors. It was Ziegler who wrote the preface to the volume to be released Oct. 25, a cloth-bound facsimile of the 1841 version, embellished with reproductions of the 15 illustrated pages of Champollion's manuscript, six of them faithfully colored by hand.

Sidhom decided to print 5,000 copies of the volume, supplementing his own funds with a loan from the French National Center of Letters and hoping that the price, 630 francs ($72), would make it relatively accessible to the general public.

He bought 20 tons of paper of the highest quality, 100-percent-cotton fiber, because he wanted it to last, and insisted on the most resistant glue and ink on the market. He chose, for the illustrated inserts, to patronize one of the few printers in France to use the venerable collotype process, usually reserved for high-quality artistic prints, which etches a bichromate into a highly sensitive film of gelatine and, for fidelity to an original, beats photo-offset to a pulp.

To color the hieroglyphs, for which Champollion himself brought out his paint box, Sidhom enlisted the best British watercolors, guaranteed to hold fast, and the services of André Jacomet, who runs one of the last workshops in France that still does illumination work with stencils.

It is an art that began to fade out with the hand-colored picture postcard, but Jacomet's small team is still there in a small, cobbled courtyard, working with what look like huge colored powder puffs and stencils of thin zinc.

In an acknowledgment of more recent developments in graphic systems (Sidhom admits it is a gimmick), it was decided that everyone who cared to own a copy of the text could paste into it a bookplate with his name inscribed in hieroglyphs, using a computer program recently developed by another French Egyptologist, Michael Hainsworth.

Don't expect a pharaonic cartridge: each letter is all too literally represented by a symbol, making mincemeat of the ancient Egyptian. But, like the little personages that illustrate the book itself, they have a certain surreal charm.

Sidhom will be launching the new edition at the Salle de Champollion in the Collège de France on Oct. 24. He is also hoping to organize a small happening on the Place de la Concorde, drawing on Champollion to decipher its chiseled obelisk, which was inscribed 33 centuries ago.

Some of Champollion's handcolored hieroglyphics.

U. K. Opera Company in Debt

The Associated Press

LONDON — The English National Opera's triumphant six-week tour in the United States this spring has placed the company in debt, allegedly because the governor of Texas failed to raise money promised by sponsors, a London newspaper has reported.

The opera company, which won nightly ovations in Houston, Austin and San Antonio, and later in New York City, has reported a deficit from the tour of £650,000 (about $800,000), The Observer said Sunday.

The weekly said the group embarked on its May 24-June 30 American tour knowing that at least a quarter of its budget was not guaranteed.

It said the company had received a pledge from Governor Mark White to raise $750,000 but ended up with a check from him for only $23,000.

The governor, according to the paper, pledged the support after he had asked eight major sponsors, including American Airlines, Texaco and Exxon to each contribute $100,000 toward the tour.

So far, the sponsors have failed to respond to appeals to honor the governor's asssurances, The Observer said.

The company is Britain's most highly subsidized arts organization, with almost three-quarters of its estimated £10-million total expenses this year paid by government agencies. The rest is raised at the box office.

International Herald Tribune
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BANKING AND FINANCE IN ASIA

A SPECIAL REPORT

Tokyo Deregulation Draws Criticism From Some Banks

By Richard C. Hanson

TOKYO — Over the last 12 months Japanese banks have looked on warily as Finance Ministry officials agreed, under strong pressure from the United States, to accelerate the pace of liberalization in their own capital and financial markets. The prospect of free-wheeling competition with non-Japanese banks in Euroyen transactions is not, to put it mildly, the most welcome of developments.

This is especially true of the Finance Ministry's decision this spring to adopt what amounts to a near laissez-faire stance toward the international yen syndicated-loan market. Accustomed to competing under the gaze of official referees and at virtually guaranteed profit margins, banks are having to cope with what one official describes as "perfect freedom" in a market that not too long ago was strictly controlled.

As institutions, they are even more concerned about what happens when the Finance Ministry lifts its ban on Euroyen lending with a maturity longer than one year (short-term Euroyen loans were liberalized earlier). A decision to free up medium-term Euroyen loans could be made as sooo as year's end. At the latest, it will happen some time by mid-1985.

In practice, medinm-term Euroyen loans are readily being arranged outside Japan by non-Japanese banks for Japanese clients abroad. But when the official restrictions are lifted for Japanese banks, the impact will be like that of a mild trembler knocking over shaky vestiges of Japan's rigid postwar financial system, including the nation's much-honored but archaic fixed long-term prime rate (LTPR) system.

The LTPR (currently 7.9 percent per annum) is the most coveted tool of Japan's powerful long-term credit banks. It served as a crucial linchpin in the financial system throughout the postwar economic boom, having been held relatively stable over most of the postwar period.

Unfortunately, in an era of deregulation, the LTPR bears no relationship to genuine market rates. (It is fixed at a margin above the cost of long-term credit bank debentures, which are the banks' major source of funds.)

With demands for loans chronically low in Japan, it should come as little surprise that the majority of top-ranked Japanese companies are able to borrow at cost levels far below the long-term prime rate. Indeed, only about half of all bank loans are actually made at the prime rate, according to the Bank of Japan.

What should be surprising is that all foreign borrowers in the yen syndicated-loan market still do pay at the long-term prime rate, or at a small margin above it. In other words, IBM Japan Co. in Japan could probably raise yen at about 7 percent, but the parent IBM would have to pay 7.9 percent plus for yen. That is one reason that only one foreign company so far has tapped the market.

Japanese banks can argue that this has not discouraged foreign borrowers. Many appreciate being able to raise 10-year money at fixed rates. And borrowing yen is still much cheaper than borrowing dollars, by about 4 percentage points.

Since April this year, when the Finance Ministry lifted limits on how much yen banks (Japanese and foreign) can lend abroad, there has been a surge in volume. From April to September, such loans have been

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Shoppers in a Seoul market, above, and in Singapore, below.

Associated Press

Donor Nations' 'Aid Fatigue' Pushes Development Banks to New Sources

By Dinah Lee

HONG KONG — The phenomenon of "aid fatigue" in donor countries lending to developing countries has been around for many years now, leaving development bankers looking for new ways to fund their projects. Their solution is to turn toward the private sector — to commercial banks, the Eurodollar market or to equity investment in smaller financial institutions in the borrowing countries themselves.

The development banks' quest for new sources of funds has been made more difficult by the disillusionment of the commercial-banking sector in light of debt rescheduling problems with developing countries, especially those in Latin America, where big borrowers account for about 80 percent of the total bank debt of some 25 countries worldwide now in arrears, in the process of rescheduling debts or struggling with rolled-over loans.

In value terms, net commercial bank lending to developiog countries is on a steady decline. It dropped from $47 billion in 1981, to $34 billiun in 1982, and to $22 billion last year. In both 1982 and 1983, it fell well below meeting the interest payment needs of these "have-oot" countries.

"There's aid fatigue slowing the cash flow through multilateral institutions, a slowdown in commercial bank funds, and direct investment in these countries is limited," said the director of the lodustry and development banks department of the Asian Development Bank (ADB), Akira Tsusaka. "So it's very important

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Recovery in U.S. Fuels Growth in Eastern Asia

By Patrick L. Smith

HONG KONG — The economies of East Asia are again setting the global pace this year, despite falling commodity prices and generally weak markets at bome.

All four of the region's newly industrializing countries (NICs) — South Korea, Taiwan, Hong Kong and Singapore — are expanding by at least 7 to 8 percent; Japan and most Southeast Asian nations are growing only slightly less vigorously.

The key factor in this growth, of course, has been demand for the region's exports generated by the sustained economic recovery in the United States.

The exception to this is the Philippines. The Manila government is now awaiting approval of crucial new credits by the International Monetary Fund and the couotry's commercial lenders. Even with these funds, however, the economy is not likely to show significant improvement for well over a year.

Beyond the impressive oumbers, the region as a whole is facing an uncertain future. Depressed commodity prices are unlikely to revive for at least 12 months, and industrial exports are increasingly threatened by trade barriers.

Apart from the Philippines, East Asian borrowers have thus far had no trouble meeting their obligations. But high interests rates are adding unexpected weight to debt burdens and forcing continued reductions in spending on development projects.

Debt service is now a prominent item in the budgets of Thailand, Malaysia and Iodonesia. This has encouraged efforts in these countries to improve the performance of their domestic economies.

A number of governments are also adopting monetary reforms, such as decontrolled interest rates, intended to increase domestic capital resources. But Asia's current recovery is tied tightly to the economic fortunes of the United States.

Dependence on the U.S. market has oow focused the region's attention squarely on the presidential elections next month. But most East Asian capitals are looking to the November election with mixed emotions.

In part, they are hoping that Washiogton's increasingly protectionist impulses will subside once the elections are over — particularly if, as most expect, President Ronald Reagan remains in office. Trade friction is now of paramount concern among manufacturers, who have benefited most from the revived U.S. economy and the strong dollar. Post-election relief from these seemingly relentless pressures would clearly be welcome.

At the same time, there is concern over the effects of high interest rates on the U.S. recovery and over what policies the oew administration may adopt to control the nation's budget deficit. Slightly reduced growth rates in Asia next year are already anticipated.

Slower growth in the United States has been evident since the middle of this year. This has reinforced the reluctance of most Asian executives to make new investments based on current levels of demand. The questions oow are when will the U.S. economy begin to lose momentum more dramatically and how much it will lose.

"The concern is that the U.S. recovery will not be sustainable after the elections," said Chua Wee Meng, managing director of Alfa-Pacific Securities in Singapore. "Declining commodity prices are the first sign of this."

Softness in primary-product markets took hold in this year's second quarter. By last month, a range of prices had declined significantly from their end-1983 levels — sugar by 40 percent, rubber by 20 percent, palm oil by 12 percent and copper by 10 percent. "Price movements have been irregular," said Willard D. Sharpe, Chase Manhattan's regional economist io Hong Kong "but some Asian commodity producers are clearly facing less favorable trends than at the first of the year."

Several factors explain the decline. High interest rates have discouraged consumers from building inventories and drawn speculative activity into financial instruments. The strong dollar has also forced single-product exporters — many sugar and copper producers, for instance — to increase supplies to meet their debt obligations.

More fundamentally, the U.S. recovery has been concentrated in the services and technology sectors of the economy and less in demand for traditional manufactures. And many manufacturing industries, such as automobiles, have successfully reduced their per-unit consumption of raw materials.

The impact of this trend has been uneven — although Asia has weathered it with greater ease than less diversified regions. Thailand has countered low sugar and rubber prices witb increased rice exports, the price of which has remained more or less steady since last year. But exports of other commodities have been hampered by the Thai baht's close link with the dollar.

Malaysia, the world's leading supplier of natural rubber, has offset falling prices with a continuing rise in manufactured exports and by increasing production of oil and natural gas. Malaysia is not a member of the Organization of Petroleum Exporting Countries.

Indonesia, which derives three-quarters of its export earnings from its petroleum sector, has been more seriously affected. Petroleum earnings have been declining since 1981; falling commodity prices have

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A SPECIAL REPORT ON ASIA

Tokyo, Hong Kong Stock Markets Expect Advance; Singapore Remains in Slump

Special to the IHT

TOKYO — Asia's two top stock markets, Tokyo and Hong Kong, appear poised to advance this quarter, while Singapore desperately needs some good news to pull out of its slump.

Asian markets in general have a lot going for them. The U.S. economy is absorbing imports at a record clip, many of them from Asian makers, and Asian economic growth rates are quite respectable. The region is politically stable and the markets' track records, even after the battering of the last few years, are better than many of those in Europe.

Even so, local bourses would welcome an advance on Wall Street, as a signal that U.S. interest rates have come down sufficiently to make capital gains, via stocks, a respectable alternative to high interest rates through dollar bonds. Conversely, if the American economy were to slide from its "cooling off" pattern to a distinct chill, exporters in Tokyo and elsewhere could suffer.

If the signals from New York remain neutral, however, Hong Kong and Tokyo should be able to move ahead under their own power.

Here is a look at the prospects from Asia's major bourses this quarter.

• HONG KONG — For over a year, Hong Kong iovestors have faced an uncertaio future.

When the clouds of the Chinese-British negotiations on the colony's future began to break, Hong Kong iovestors rejoiced. Since late July, an almost steadily rise has carried the Hang Seng index up about 25 percent to the 1,000 level, with the final push coming as the form of an initialed agreement came into view.

The accord contained few surprises, and investors have braced for a correction after the earlier rises. Nonetheless, there is a widespread view that with the political landscape stable, companies can get on with business. Business fundamentals are encouraging, and brokers expect foreign investors and fund managers who have shunned the colony to return.

Almost all brokerages are predicting that the Hang Seng index will climb to 1,500 this quarter, and a few, such as the Hong Kong Office of Vickers da Costa Ltd., are putting the upside at 1,550. For the first time in months, the question is not whether to buy, but when and what.

Some brokers say foreign investors should jump in now, to ride the surge of buying that will come as domestic investors bring their funds back home to invest in their own future. Others, though, say that a correction from the recent gains is due, and investors can wait to buy on weakness.

Swire Pacific A makes almost everyone's list. The parent of Cathay Pacific airline has suffered long because of the uncertainties over how Beijing would treat civil aviation. Domestic-oriented companies are also in favor, with Jardine Matheson, Hong Kong Television Broadcasting, Hutchison Whampoa, most utilities and some banks drawing fans from one brokerage or another. The optimism is so widespread that it even encompasses a few hotels (Vickers likes Miramar) and properties. Among the latter, W.I. Carr, Sons & Co. (Overseas) likes Hang Lung and, for the long term, HK Land.

• TOKYO — The last weeks of September, which are the end of the fiscal first half, saw a flurry of upward revisions in full-year earnings projections by companies. Based on the good earnings prospects, domestic brokers like Daiwa, Nikko and others are predicting a strooger market this quarter, especially in blue-chip electricals and semiconductor makers. Nikko sees the Nikkei Dow Jones average rising to the 11,500 area, from its current levels of nearly 10,650.

Foreign brokers are shedding their doubts. Margin-buying balances — shares purchased on credit that must be either sold or bought in full within six months — have fallen only slightly from the May peak of 2.78 billion yen to 2.6 billion yen now, and many of those contracts fall due in October or November. But Hank Sawa, of Prudential-Bache Securities in Tokyo, says that with domestic institutional investors "ready to pick up shares on dips," any shock from the liquidation of those positions will be muted.

Foreigners also are glad to see the market's "theme" shifting to more stable large-capitalizatioo electricals, which have some chance of fulfilling the performances predicted of them, after the speculative "biotechnology" shares that were the rage for domestic buyers this summer. With domestic brokers recommending companies like NEC, Toshiba, Hitachi, Canon and Fujitsu, foreign analysts can comfortably agree.

The only worry is a slowdown in the U.S. economy. Japan has been shipping over 35 percent of its exports to the United States for several months now, and a drop in those exports might put a crimp in planned capital spending. Moreover, corporate forecasts are assuming that exports will at least remain high, even if they do not increase, and that worries some analysts, particularly as semiconductor demand is expected to soften next year.

"Some of those forecasts are going to be very difficult to achieve if exports slow down," a foreign broker in Tokyo said. "It's not being talked about widely, but I've heard the subject broached."

Prudential-Bache's Sawa counters that because companies are using an exchange rate of 220 or 230 yen to the dollar for their forecasts, their predictions of about 15-percent growth are conservative. (The dollar has been in the range of the mid-240 yen lately.) And another broker notes that if domestic investors are going to focus on the oext half-year's earnings prospects, foreigners more used to looking farther ahead might do well to shorten their vision.

• SINGAPORE — Volume has been so slow as to hurt commission income, prices are sliding and, with the fundamental and technical prospects dim, there is not much hope that things will improve.

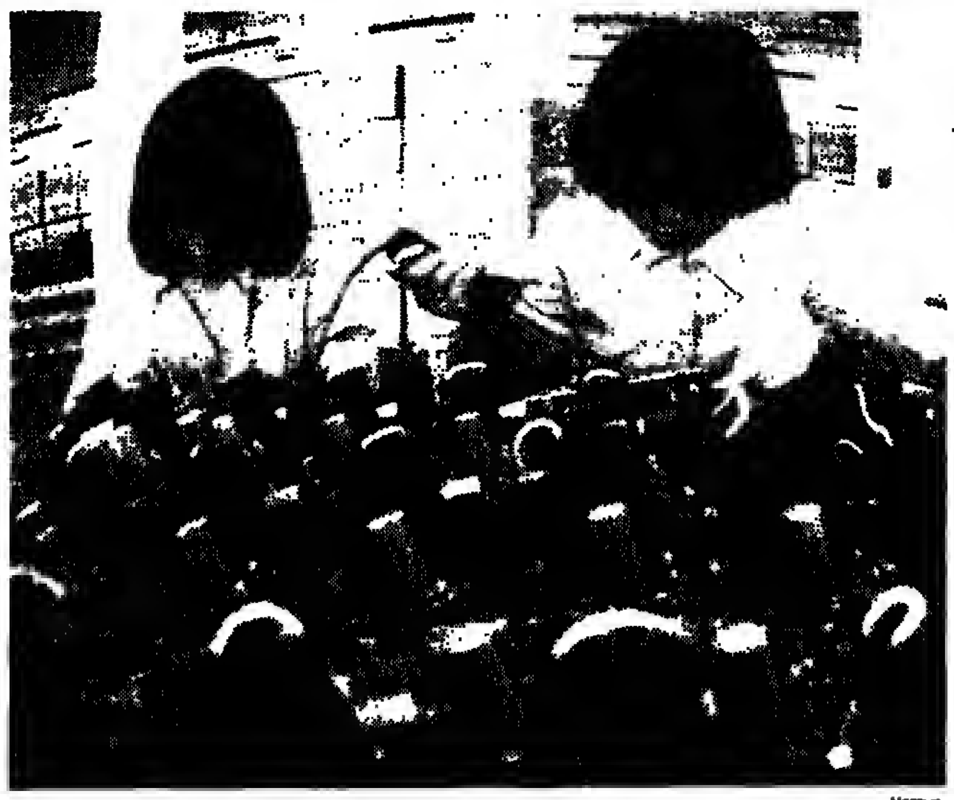
The Straits Times index has dropped to around 890, and most brokers see it falling to 870, if not further. Singapore's domestic growth is sluggish, hurting virtually all sectors: banks, industrials, constructions, properties and retailers. There is little to be hoped for from the Malaysian budget, which is expected on October 18, and commodity prices are easing back down.

"Professional traders who were aggressively initiating long positions a few weeks ago, have retreated to the bunkers, and will need a new set of circumstances to reactivate," Vickers da Costa said.

Vickers rates the bellwether issue Sime Darby only a "hold," based on the brokerage's forecast full-year pretax earnings will be up only 3 percent, with sales up only 4 percent.

With so many sectors "either in the doldrums or moving in that direction," W.I. Carr says, "Prudence might suggest looking around for recovery stocks, but here the waiting period may prove unattractive."

• SEOUL — Since the Korea Fund was listed on the New York Stock Exchange this September, managers of Asian portfolios have felt obliged to do their homework on Seoul. After the earlier success stories of Tokyo, Hong Kong and Singapore, who can afford to ignore an Asian market where price-earnings ratios are in the fours and fives? Look for more money to go here, probably instead of going to Singapore, steadily throughout the quarter. Chosing a portfolio is not even part of the game, though. Unless you live in Korea, you either invest in Korea Fund or you don't.



Workers in a South Korean textile factory.

Tokyo Deregulation Draws Some Bank Criticism

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estimated to have jumped from 1 trillion yen, compared with about 700 billion yen in the previous six months.

Both the number of borrowers and the size of individual loans have expanded. Over the summer, the market has swallowed three record-breaking loans. New Zealand and Australia borrowed 100 billion yen each. Canada followed with a 120 billion-yen credit. Borrowers range from power companies and road building authorities in southern Europe to a somewhat controversial loan of 20 billion yen to Comecon's Moscow-based International Development Bank.

The yen-loan's market role in the international debt crisis is also coming to the forefront. Japanese bankers and Mexico's Finance Ministry will get down to brass tacks with Japanese banks in October on redenominating into yen up to half of the $7.4 billion it owes Japanese banks, as agreed to in a worldwide rescheduling project. Japan has a 17.7-percent share of Mexico's total debt, spread among 28 banks. Some 40 percent is likely to be converted over the next three-and-a-half years.

While Mexico is not yet convinced that the yen is a good bet, Japanese banks can produce charts showing Mexico would be better off borrowing cheaper yen, with a minimum exchange risk. Mexico has been obliged to take about 80 percent of the new loans it has from Japan this year (17.7 percent of $3.8 billion) in yen, at 0.925 percent over the long-term prime rate for a floating portion and 1.125 percent over the fixed portion.

That is good for Mexico, Japanese banks argue, because of cheaper yen loan rates (7.9 percent plus, against 12 percent plus for dollars) could save about $370 million in interest payments each year, cutting Mexico's need for new money. Yen loans, in turn, ease demand for dollars and, hence, pressure on Eurodollar interest rates. That should be good for Western banks, too.

The biggest problem facing Japanese banks, however, has been attracting trouble-free borrowers. Competition among the so-called city banks (the largest commercial banks), long-term credit banks, trust banks and life-insurance companies to curry favor with top-rated borrowers has led to a great deal of behind-the-scenes front-end commission rate cutting.

Indeed, the authorities finally abandoned their attempt to hold together a "consensus" on management commissions (previously a 0.5-percent margin) among banks. Prime borrowers can now expect to win terms as low as the long-term prime rate itself.

Examples of fierce competition are abundant. Nippon Credit Bank, the smallest of the three long-term credit banks, stunned the market in July by winning the mandate for the 100-billion-yen Australian loan by accepting easier terms on the commitment fee. A lively "soft-loan" market has also developed with big life-insurance companies grabbing yen-loan mandates by arranging to absorb dollar private placements at "sweetheart" rates.

Arguably, Japan's 13 city banks as a group have fared the worst in winning new business. (This, of course, ignores the role of foreign banks, which though more active in syndications than before, are still minor players.) The city banks' share of the yen-loan market has slipped to less than a quarter of the total from about one-third over the last year.

This is mainly because city banks, which are barred from raising funds longer than three years, must offer loans on the basis of a partly floating rate above the long-term prime, normally reviewed every six months.

Long-term credit banks, trust banks and life insurance companies offer fixed-rate loans, which seem to be more attractive to the types of borrowers tapping the market. To the city banks' chagrin, their competitors of late have even begun offering floating-rate terms to borrowers.

To stem the tide, the top six city banks quietly banded together earlier this year to lobby the Ministry of Finance into allowing a new loan plan, which for the first time (officially) would break through the long-term prime rate floor. The plan has been dubbed the "external base rate," and would be the closest thing to a floating rate so far seen in the market.

The EBR idea is to quote terms based on the 90-day negotiable yen-denominated certificate of deposit (Euroyen CDs will be allowed next year.) The rate to the borrower would actually be a margin above the CD rate after certain costs have been added. Even so, banks believe they could offer interest rates of about half a percentage point lower than the long-term prime rate. (The CD rate has been used before in Yen loans, but only in deals where the long-term prime has been the floor.)

What the city banks want is to put the plan into effect before the authorities feel compelled to open the door to Euroyen lending. They have tried to line up the World Bank as a first candidate, and may consider offering the plan to a top-ranked foreign corporation in order to break the ice.

The EBR has merit, although critics say that Japan does not need what is essentially an artificially floating rate. Even when Euroyen lending starts up, Japanese bankers reckon the thinness of Euroyen funds will still draw the biggest borrows to Tokyo, and presumably to either fixed-rate or EBR deals.

Donor Nations' 'Aid Fatigue' Pushes Development Banks to New Sources

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that developing countries mobilize their own resources and use them more efficiently."

Mr. Tsusaka's department began its work in equity investment in 1983 under his predecessor, Robert Bakley, after five years of discussion inside the ADB. A major concern was the exposure of the ADB to the risks of the equity investment itself. As Mr. Bakley explained, if the bank is an equity investor rather than just a lender, it "lives or dies" with the project. But, he added in an interview last spring, "The bank is not poor: profits last year were $179 million. We can afford some risk."

Under Mr. Bakley, the ADB launched its first two equity investments last year: a $960,000 investment in the share capital of the Korea Development Investment Corp. and a $2-million stake in a Pakistani development finance institution, Bankers Equity Ltd. Ten months into 1984, they have not announced a single new equity investment, but Mr. Tsusaka says that two more are scheduled for early 1985: a $300,000 investment in a Pakistani leasing company, the National Development Corp., and a $1-million holding in Indonesia's only governmental development institution, Bapindo.

He also listed new possible projects in shipyard operations, galvanized steel and chemicals. Most controversial, he feels, is the question of the ADB involving itself in the development of local stock markets, or other security activities like brokerage houses and bond issues.

"Equity investment in capital markets of our borrowers presupposes expanded private sector activities, and the liberalization of interest rates and market forces," Mr. Tsusaka said.

He could well have been describing the direction of the South Korean economy, the largest Asian commercial borrower on the commercial market, with total debt officially put at $42 billion, placing it fourth in the world.

The Korean government's current program for financial liberalization includes the raising of interest rates, increase in domestic savings and expansion of the stock market. "The South Korean government discussed the introduction of the Korea Fund on the New York Stock Exchange with us," Mr. Tsusaka said. "Our coming report on domestic resource mobilization in six developing countries discusses the merits and demerits of the idea. Theoretically, such an idea could be copied by a country like Thailand."

A second recourse to commercial funding undertaken by both the World Bank and the ADB is the encouragement of cofinancing of projects with the participation of commercial banks.

Cofinancing is at least 10 years old at the World Bank, and over the decade about half of the $27 billion in World Bank projects involved cofinanciers. Nearly 30 percent of these were Japanese commercial banks, compared with 24 percent for U.S. banks. However, the bank introduced a new cofinancing program last year in an attempt to get private banks even more involved than before. So far, they have had a very slow start, with only one such loan to an Asian country, Thailand, in the 13 months of the program.

Critics of the new program say that World Bank staff has been reluctant to take the increased risks involved and to make the necessary policy changes.

In brief, the new cofinanced loans, called "B" loans, provide for 15 to 20 percent direct participation by the World Bank in a commercial loan, instead of the traditional "parallel" financing where World Bank and commercial lending in a project remained distinctly separate.

Some World Bank officials fear that the bank's increased exposure to risk through a commercial loan will affect its high creditworthiness in international markets. But the World Bank's vice president for cofinancing, Teruyuki Obuchi, said in June in an interview with Asiabanking: "The future direction is that cofinancing will continue to increase. It's just one way to build up a closer cooperative relationship between aid agencies, private banks, bilateral organizations and export credit agencies. The private banks are pulling out. They need some umbrella or scheme to continue this in a more orderly manner."

The ADB, too, has explored new types of cofinancing to stretch their aid dollars further. An average of only four projects were cofinanced until 1977, with the average amount less than $100 million. The figure shot up to $430 million the following year, largely because of the injection of oil money from institutions like the Islamic Development Bank, the International Fund for Agricultural Development and the Organization of Petroleum Exporting Countries.

However, the petrodollar liquidity has dried up with the drop in oil prices, turning the ADB's attention to private banks.

From 1970 to 1983, a total of nine projects had been cofinanced with export-credit institutions for $183 million, and 22 projects with commercial banks, involving $566 million of commercial loans. These were mainly for projects in middle-income developing member countries such as Indonesia, Korea, Malaysia, the Philippines and Thailand, and more than half of this cofinancing has been io the energy sector.

According to a senior cofinancing officer at the ADB, Randolph Earman, projects involving energy, infrastructural changes or manufacturing (for example, cement productioo) are steered toward commercial-bank cofinancing because their success or failure is easily quantifiable.

Nevertheless, according to the manager of the ADBs cofinancing unit, Eiichi Watanabe, the number of ADB cofinanced projects have dropped in 1983 to 18 from the previous year's total of 25, with the corresponding amount down from $937.8 million in 1982 to only $793.1 million last year.

"If we attribute the cause of the drop to demand and supply, I would have to say that it is more due to reduced demand from developing countries, many of whom have severely cut back their borrowing budgets due to economic difficulties," Mr. Watanabe.

The most popular form of cofinancing is parallel financing, similar to the World Bank's "because creditworthy borrowers want to keep direct contact with the commercial banks," Mr. Watanabe said.

Complimentary financing is another means of cofinancing, and provides better security for the jittery private lenders because the ADB acts as the lender of record and administers the loan itself, while accepting no risk exposure.

"If the borrower defaults, nobody gets paid, but as far as the borrower is concerned, the lender on record is the ADB, not the private bank, and in case of rescheduling, the debt is classified as multilateral rather than commercial, and the private lender is exempted from any rescheduling."

For two countries who received loans through complimentary cofinancing last December, Nepal and Pakistan, it was the first opportunity to borrow on the international capital market, and a good introduction to new commercial banks. "They're getting loans they would not get otherwise," Mr. Earman said.

Japanese workers outside a Honda plant.

Both mr. Watanabe and Mr. Earman concur that the abatement of the international recession, combined with Asia's good record for loan management and economic growth signal the possible end of the slump in borrowing. Mr. Earman gives a rough projection of loans cofinanced with export credits and commercial banks (as opposed to official sources) for 1984 of $494 million, compared to 1983's total of $180.4 million.

Mr. Earman said that although they are watching the progress of the "B" loan program at the World Baok closely, he feels there is already enough flexibility in the ADBs cofinancing structure to be attractive to commercial banks without the ADB participating as an actual part of the commercial part of loan. (The complimentary cofinancing loan of the ADB involves two actual loans: one from the commercial bank, and a second from the ADB to the country.)

When asked whether he thought donor-country "aid fatigue" had caused the greater involvement of private banks in development lending, Mr. Watanabe said, "I think that theoretically you could suppose that increased private-sector participation is the cause, not the effect, of reduced donations," he said. But he agreed that in the United States, and to a lesser extent in Japan, the idea of more private-sector action and fewer government donations is the current trend.

A SPECIAL REPORT ON ASIA

Japanese Bankers Moving Rapidly In International Syndicated Loans


Dockers loading cargo at the Port of Singapore. The World Bank

Special to the IHT

LONDON — Japanese banks in Europe have two types of operation — branch networks, which concentrate on commercial banking, and subsidiaries (sometimes joint ventures with foreign partners), which by and large concentrate on merchant banking and securities business.

By far, the largest branch network is maintained by the Bank of Tokyo, which in its most recent annual report listed some 250 offices worldwide, including 36 agencies and branches and stakes in 25 subsidiaries and affiliates. Even the largest Japanese city banks (commercial banks) are a long way behind, but are growing rapidly. The biggest — and the world's biggest by assets — Dai-Ichi Kangyo Bank (DKB), had at last count 45 overseas offices.

Through their branches the Japanese banks participate in Eurodollar syndicated lending — the first area they tackled overseas and one in which they still maintain an impressive presence.

In the first eight months of this year, there were 12 Japanese banks in the top 40 lead managers of international syndicated loans, headed by the Industrial Bank of Japan (in seventh place) and the Bank of Tokyo (11th).

For Japanese banks in Europe, syndicated lending is still an integral part of their activities, and the top Japanese banks can compete with anyone. In mid-September, for example, Bank of Tokyo was one of three banks to share the most sought after mandate of the year — a $1.5-billion seven-year credit for New Zealand.

Problems with defaulting debtors, and intense competition between banks to get mandates from the more popular borrowers, which has eaten into profitability, having caused Japanese banks to look elsewhere for growth and profits.

For the banks, the most exciting prospects are in merchant banking, through their subsidiaries in London, Switzerland, West Germany and the Netherlands.

The area most Japanese banks would like to tackle is the lead management and underwriting of new Eurobond issues. It is an attractive market for several reasons. Returns are good — the fees on a typical bond issue are over 2 percent. There are good trading opportunities from bond dealing. Big institutions — and the Japanese city banks are large by any standards — enjoy a comparative advantage in underwriting large issues. And for strategic reasons banks would like to manage overseas bond issues in order to strengthen their case for more securities business at home, where they are severely constrained by Article 65 of the Securities Exchange Law (Japan's equivalent of the United States' Glass-Steagall Act, which separates banking and the securities business).

"In Japan, because of our version of Glass-Steagall, we are limited in our activities. It is only in the Eurobond market that we can get lead managements," said Junichi Nishiwaki, managing director and chief executive of Mitsubishi Finance International in London. "We should like to be one of the top Eurobond issuing houses."

So far, however, the banks have done very badly in the European bonds markets, and have obtained only a very small proportion of business. In early October, Mitsubishi Finance International got what it claimed was the first sole lead-manager mandate from a non-Japanese borrower, the Mortgage Bank of Denmark — a coup that the bank attributed to its decision to have an internationalized staff able to compete in the open market for non-Japanese mandates.

"We could have run the books on anything from day one," Mr. Nishiwaki said, "but we thought we would establish our credibility first" — a policy that meant that the bank took a very large number of subsidiary positions in the new issues but only nine co-lead managements.

It may be that Mitsubishi Finance's path-breaking success heralds a new wave of aggressive competition in the bond markets from Japanese banks in Europe, but any decisive grab of market share is unlikely for some time yet. So far, they have made very little impression on the market, with the most active Japanese banks — IBJ, Bank of Tokyo and Sumitomo Bank — a long way behind the market leaders. In the first eight months of 1984, even IBJ ranked no better than 25th in lead management of Eurobonds.

Exactly why the Japanese banks have failed to get very far in the Eurobond market is not at all clear. As relative newcomers, they can hardly expect to match overnight the expertise of Credit Suisse First Boston, Deutsche Bank or the big American houses like Morgan Guaranty, Merrill Lynch, Morgan Stanley and Salomon Brothers. Even so, they have not been able to make the sort of showing that might be expected from banks of their size. One of their handicaps is the absence of a steady flow of issues from Japanese issuers. The Japanese banks lack a natural clientele, since the most popular form of overseas borrowing by Japanese firms is through low-interest debt in Switzerland — business that goes to Swiss banks.

That is why they are eagerly waiting for new developments in the Euroyen bond market. As a result of deregulation, the Euroyen bond market is now, in theory, open to a wide variety of the better Japanese corporations and to overseas borrowers. Because they have close links with the borrowers, and much greater flexibility in providing yen funds, Japanese banks hope to monopolize the business, especially when they are given the right to compete with Japanese securities houses for the lead management role (what Japanese bankers call the "top left" role, from the lead manager's position on the top left of the tombstone advertisement for an issue).

So far, however, Euroyen bond issuance has been minimal — only four issues all year, with a total value of some $260 million, because would-be borrowers from Japan face a tax penalty on their issues. Although bankers are confident that in the longer run the new market will give them profitable opportunities, for the time being they have turned to other lines of merchant banking and securities business.

One area that has worked out well is swaps — deals where one type of debt is swapped between two borrowers (interest-rate swap) through a banking intermediary, or where debts denominated in different currencies are swapped (currency swaps).

"We want to expand our swap business, and foreign exchange swaps in particular," said Kazuo Fujii, director and general manager of Bank of Tokyo International in London, BOT's merchant banking unit.

"Our specialty is yen/dollar swaps, but we want to do more against sterling, against ECUs and against other currencies."

Other bankers agreed.

"As Japan's biggest bank, we are naturally well placed to do yen/dollar swaps," said Taiji Yamada, managing director of Dai-Ichi International in London, "but we are also keen to be active in interest-rate swaps and other types."

Japanese city banks stand to do well in the swaps market for two reasons. One is that the market depends on matching two counterparties, and the city banks have an unrivaled knowledge of Japanese corporations' financing needs. The second is that Japan's Ministry of Finance liberalized access to swaps in late 1983, given rise to a flood of new business as Japanese firms used swaps to create cheaper funds than they could obtain in Tokyo.

Another important area for Japanese banks is fund management. Japan has for a long time been one of the most glamorous and profitable areas to invest in. Japanese banks, however, see little or none of the business. A U.K. investor, for example, is likely to go for a unit trust (mutual fund) specializing in Japanese equities and run by a U.K. institution — a specialist fund-management company, an insurance company, a stockbroker or a merchant bank.

The only benefit to Japanese financial institutions is the brokerage commission payable to Japanese securities houses when buying Japanese equities. Foreign firms keep the management fees.

Now, however, Japanese banks are trying to muscle in. At the end of August, for example, Bank of Tokyo set up a joint venture in London with a fund-management company, Touche Remnant. The new unit, BOT Touche Remnant Asset Management, is intended to marry BOT's extensive network of offices and Touche Remnant's fund-management expertise.

There will undoubtedly be other joint ventures along the same lines. The banks are determined to get into fund management both overseas and in Japan, where they are mired in a struggle to manage corporate pension funds — a sector until now confined to trust banks and life-insurance companies but now eyed by city banks (as well as by Japan's brokers and by foreign banks).

In the longer term, two other areas attract Japanese banks in Europe — retail banking and capital market business in Europe's domestic capital markets.

In the United States, the first big expansion of Japanese banks' activities came through acquisition of American banks, almost entirely in the states of New York and California, giving Japanese banks extensive retail branch networks. In Europe, only Sumitomo Bank, with its purchase this year of 52.67 percent of Switzerland's Gotthard Bank, has made a move. Other purchases will follow — Europe is too big a market for Japanese banks to ignore, and they have the funds to shop around. It is also the part of banking that Japan's city banks know best — DKB alone has some 350 offices in Japan, and collectively the city banks are extremely efficient at retail business. Their biggest obstacle is likely to be European central banks' reluctance to let control of domestic banks pass overseas — an attitude seen, for example, in the United Kingdom when the Hong Kong and Shanghai Banking Corp. was rebuffed in its bid for the Royal Bank of Scotland.

The second area, underwriting activity in Europe's domestic capital markets, has been barred to Japanese banks by European cartels (the Eurobond market, in contrast, is open to anyone). In Switzerland, for example, a cartel agreement limits the number of foreign firms that can participate in a Swiss-franc bond issue by a foreign borrower, sets a maximum percentage share for the foreign firms and confines them to subordinate roles in arranging the issue.

Japanese firms have not taken kindly to the restrictions, since Japanese corporations are by far the most frequent foreign borrowers in Switzerland and Japan's banks and brokers feel that they should get a fairer share of the market.

Japan's banks have their eyes on those domestic markets. Whether they get anywhere depends on mutual deregulation of capital markets in Japan and Europe. Japan's record in deregulating its domestic *samurai* market for overseas borrowers is good. Considering Japan's reputation for protecting its economy from foreign competition, it is ironic that in two areas — acquisitions and domestic underwriting — Japanese banks can now claim they are being held back by European protectionism.


A worker on Thailand's natural gas pipeline. The World Bank

Hong Kong and Singapore Await Impact Of Financial Deregulation by Japanese

Special to the IHT

TOKYO — Japan's deregulation of its financial markets is intended mainly to increase the scope for transactions between Japanese and foreign financial markets and institutions.

Two major practical consequences are expected to result from this trend. First, because Japan has a high rate of personal savings, it is likely to become a major exporter of capital both through loans to overseas borrowers and direct or portfolio investment in overseas assets. Secondly, in *theory at least*, deregulation should mean more opportunities for foreign financial institutions to do business in Tokyo.

Tokyo should, therefore, gradually increase its share of worldwide international financial transactions, which has until now been relatively low. For instance, in the year up to September 1983, just 8.6 percent of world international banking transactions took place in Tokyo, compared with 26.6 percent in London, and 15.4 percent in New York — although Tokyo has the second largest economy in the world, after the United States.

Tokyo has for most of this century housed by far the largest concentration of financial resources in Asia. Its stock market is the world's largest after the New York Stock Exchange. Its Big Four securities houses are the equal of all but the biggest U.S. investment banks. Its commercial banks are among the largest in the world. But the Japanese government has until now resisted internationalization of domestic finance. Through the high-growth 1950s and 1960s, it preferred to channel domestic savings cheaply to help industry reconstruct and grow.

If, in the 1980s, Tokyo is to emerge as a major international financial center, at whose expense will that be? Does Tokyo's deregulation spell problems for Hong Kong and Singapore, which became the international centers of Asia in part because Japan did not compete? Or will Japan's liberal*ization mean that bigger financial* transactions can now be handled within Asia rather than going to New York or London, to the benefit of other Asian financial centers?

Much will depend on how far the liberalizations promised by Japan's Ministry of Finance in theory work out in practice. Some foreign banks, for instance, will be allowed to manage Tokyo corporate pension funds next year — just as, perhaps, foreign automobile makers have long been allowed to sell their cars to Japanese buyers. The Japanese marketplace can be a murkier thing in practice than on paper. Foreign banks have been operating in Tokyo since the 19th century: There are now 75 of them with branch status. But 15 of them lost money last year, while the average return on assets for the group was just 0.06 percent, less than one-tenth of the profitability that would be expected in most other major markets in a reasonable year.

But *many* foreign institutions now seem convinced that Japan will be at least the most challenging — and possibly the most rewarding — international market of the coming decade. They are recruiting new staff, and bidding up premium wages for anybody bilingually fluent and with financial experience. One U.S. investment bank increased its staff from 15 in 1983 to 50 now, and expects to triple it again by 1986.

While Tokyo is becoming a more dynamic and forceful internatioal financial center, Hong Kong and Singapore are sagging. 8read-and-butter sovereign lending has been slowing over the last two years, though Asia's borrowers have remained more buoyant than most. In Singapore, domestic economic growth has compensated the financial sector for slower offshore banking business. Hong Kong, though its manufacturing economy has remained strong, has been able to offer little by way of home comfort. After two years of tense negotiations, Britain recently agreed to hand the colony back to China in 1997. China promised to maintain Hong Kong's capitalist way of life *for* at least *another* 50 *years*. But worry about the future has sapped Hong Kong's vitality. It is no longer the unabasbedly optimistic place of five years ago. Bankers wonder whether China, which lacks even a convertible currency, can resist e bureaucratic impulse toward restricting and regulating financial markets whose major acknowledged strength has been their freedom from official intervention.

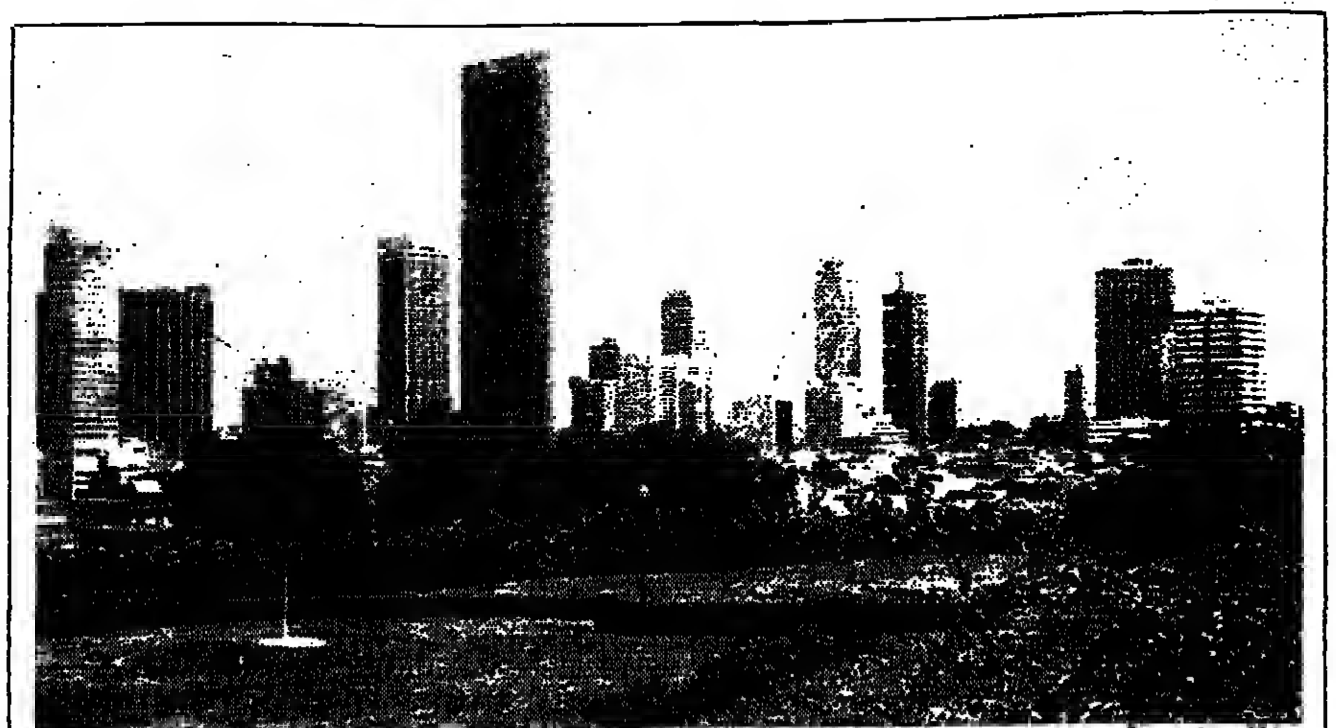
Already Japan's internationalization is attracting some Hong Kong bankers, stockbrokers and fund managers into Tokyo, particularly those who are less optimistic about the colony's prospects under — and during the run-up to — Chinese sovereignty.

If Japan's financial barriers are truly lowered, Tokyo will exert a powerful "pull" on foreign institutions as the natural location for major Far East offices. The major attraction will be the base of potentially strong domestic business on which to build. But the more international banks that come to Tokyo, the more fully international business can be done there. It may be convenient, for instance, to negotiate a U.S.-dollar syndicated loan in Tokyo, even if it is then booked through Hong Kong or Singapore branches.

Financial institutions may also prefer Japan to other Asian financial centers because they want direct access to Tokyo's capital markets as a source of funding for international loans. The syndicated lending boom of the 1960s and 1970s was largely a U.S.-dollar *phenomenon*. But with *many* Asian countries enjoying strong economic ties to Japan, and the Japanese government willing to countenance bigger volumes of international yen lending, the proportion of Asian yen credits is increasing.

Bankers and officials in Tokyo are still arguing about a possible further deregulatory step tbat would have a much more clear-cut impact not just on Hong Kong and Singapore, but also on London and New York — creation of an offshore banking center in Japan.

The pro-offshore banking lobby is led by a blue-chip member of Tokyo's financial establishment, Takashi Hosomi, a former vice president of finance. Mr. Hosomi wants a system modeled on the international banking facilities (IBFs) successfully set up in the United States in 1981, allowing banks to undertake offshore transactions free of witholding tax or reserve requirements.



Singapore Ministry of Culture

Singapore's new skyline matches its economic growth in recent years.

U.S. Recovery Fuels Growth in East Asia

(Continued From Page 9)

blunted recent efforts to offset this with increased commercial-crop production.

"The Indonesians are now braced for the worst," Mr. Sharpe said. "The worst being another downward break in the oil price." Indonesian production has been exceeding its OPEC quota of 1.3 million barrels per day by 10 to 15 percent.

The Philippines has been hit hardest of all. Both sugar and copper — two of its major exports — are now trading at prices below the minimum required for profitable production. As a result, two mining companies have already closed — cutting copper output by 20 percent. Because of the poor long-term outlook for sugar, President Ferdinand Marcos has announced plans to reduce the sugar crop next year by the same percentage.

These difficulties have been partly offset by a healthy rise in the price of coconut oil, of which the Philippines is the leading producer. Nonetheless, while commodity prices are not the core of Manila's problems, they will contribute to what is expected to be a negative growth rate this year. Estimates of the contraction currently range from minus 1.6 percent to minus 6 percent.

The problems of Asia's primary producers are in stark contrast to those of industrial exporters — the four NICs and Japan. These nations have experienced unexpectedly strong demand from the United States this year. As a consequence, most have outperformed their own economic growth forecasts; all of them are raising exports far faster than this year's 6-percent increase in world trade — particularly in such industries as electronics and textiles.

On balance, these nations have thus benefited from the strength of the dollar — despite inflationary pressures evident in both South Korea and Taiwan and an increased capital outflow in Japan. But there is widespread concern that the growth momentum achieved this year will evaporate quickly once the U.S. economy slows down.

Capital investment and consumer spending have generally been weak, in part reflecting uncertainty about future export prospects. In addition, most governments have continued to limit public spending. These factors have kept the strength of the export sector from carrying through to domestic economies.

"In an environment of high interest rates, you don't get much private investment," says Eric Nickerson, the senior economist at Bank of America's Asia division in Tokyo. "And with respective fiscal policies, there won't be much staying power."

Spreading trade barriers have only heightened concern over export dependence. The United States has already established another record trade deficit this year — it reached $83.68 billion at the end of August, compared with $69.39 billion for the whole of 1983. Asian industrial exporters have been major contributors to this.

Some U.S. officials now predict that Japan's trade surplus will reach $36 billion next year, up from an expected $30.9 billion this year. Taiwan is expected to record a $10-billion surplus in two-way trade this year, an increase of 50 percent from 1983.

The result has been predictable. Both Taiwan and Korea are now facing increased pressure on exports and demands to open up their domestic markets. Recent U.S. actions against textile producers are likely to affect almost every country in the region, including China.

Officials in most East Asian capitals are now scrambling to placate Washington and avoid damaging confrontations over trade. Mr. Reagan's recent decision to limit steel imports, for instance, has been welcomed in Japan and Korea becauserestraints are nominally voluntary.

Singapore's Merc Link: 24-Hour Trading Pays Off

By Joyce Quek

SINGAPORE — Nothing in recent years has excited Singapore's central bank, the Monetary Authority of Singapore (MAS), more than the linkup of the Singapore Monetary Exchange (SIMEX) with the Chicago Mercantile Exchange

The all-important element of timing was more than fortuitous for the Singapore exchange. The linkup brought not only the prestige of being the first non-American exchange to link up trading overnight with Chicago's Merc, the world's largest futures market, but also the fruits of getting established first.

It became privy to the Merc's well-tested controls and clearing systems by the tieup. Even before approval from the U.S. regulatory body, the Commodities Futures Trading Commission (CMTC), was given for the linkup, Chicago had already sent its experts and trainers to Singapore.

And more importantly, SIMEX gained access to the immense liquidity of the Merc to fuel its growth to a target of 3,000 to 5,000 contracts daily on a sustained basis.

For a country that is, by geography and inheritance, given to trade, Singapore's trader mentality will be honed to an even finer point. The linkup is another way of injecting entrepreneurial flair in trading volume for margin. SIMEX flamboyantly describes the typical local, the individual nonclearing member, as *a man who* is able to take risks, a man who wants to become a millionaire.

Moreover, the linkup is also a gateway to achieve the 24-hour trading envisaged in the government's plans. Already, exploratory talks are being held with the London International Financial Futures Exchange (LIFFE) for a linkup. And, plans are being made for SIMEX to trade in a Japanese stock index and crude-oil figures.

SIMEX rose from the ashes of the Gold Exchange in Singapore, which, two years ago, had been operating under very unhealthy business practices. The public lost money on the Gold Exchange through a combination of factors — fraud, its own bad market judgment and its gullibility. Registered complaints caused the government to investigate 24 of the more than 70 firms then operating.

A total of 21 firms on the Gold Exchange firms were ordered to be shut down for giving unlawful loans, trading with suspended Hong Kong firms or dealing in practices prejudicial to the public interest. The number of remaining firms decreased as some ceased operations.

Weekly gold trading volume fell drastically between January and April 1984. The government was thus faced with a dilemma that it had to resolve in a hurry. It had to erase the unsavory aftertaste of the Gold Exchange shenanigans, which had tarnished Singapore's business confidence and set back its plans to be an international financial supermarket.

The government's aim was "to make Singapore the premier market maker in Asia for gold, foreign exchange and U.S. dollar interest rates," said Ng Kok Song, the manager of the international depart*ment of MAS, who is the prime* mover of SIMEX as its chairman.

"It takes a lot to build a new market," Mr. Ng said. "The political and business climate has to inspire confidence; the new market has to prove credibility and integrity in terms of liquidity, sound business practices and reliable systems for clearing and market surveillance."

It was no mean task to build up confidence — in the shortest period of time — in the newly created SIMEX. The government had been working on the concept of a financial fntures market since 1982.

In light of the Gold Exchange's problems, SIMEX would have to be carried out as a respectable business with proper business practices. It was as novel in this area as it was daring — to provide an organized exchange for gold and financial futures, which would be linked up with other international financial centers on a mutual offset system, on a round-the-clock trading basis.

The planners asked themselves whether they could achieve a linkup in the world's largest capital market, the United States, with an exchange that would have the expertise and technology in developing a trading and clearing system. "SIMEX is our vehicle for establishing Singapore as the center in Asia for trading gold and futures contracts," Mr. Ng said. "We are already an important center for trading physical gold exchange and *international money instruments.*"

To him, the emergence of the United States as a significant force in the financial market suggested the potential for *similar markets in* Singapore's time zone. "Not only do market participants in Asia desire a market in their own time zone, but in this age when financial markets do not sleep, U.S. and European operators can also be attracted to deal in our futures market here, as they currently do in foreign exchange and gold," he said.

The Chicago Merc, an innovative newcomer that has become the fastest growing and most successful exchange in the world, is credited with developing the futures and options markets and is threatening to steal much of the thunder not only from the New York Stock Exchange but also the New York Commodity Exchange (COMEX) as well.

As one of the two largest commodity exchanges in the world, the Merc has much to offer. The timing for SIMEX's approach to the Merc coincided with the various American exchanges' realizing that fighting over the same market would only divide the spoils.

The Americans saw that helping overseas markets, such as SIMEX, would encourage trading in different time zones and could boost overall transaction volumes. The reasoning was that, being the leaders in expertise, volume and market liquidity, they would get the lion's share of the business.

A mutual offset system links the computer of SIMEX and the Merc's clearing systems. It thus removes overnight risks as a position taken on one exchange can be liquidated hours later on the other by bridging the 13-hour time difference between Singapore and Chicago.

The system also cuts transaction costs since a deal made on one exchange and offset on the other is treated as one transaction, not two.

A Singapore trader opens contract in one exchange, executing a buy or sell order from Merc members. He closes it off in the other exchange by sending it back to the Merc's Chicago clearing house, which processes the executed order and collects the margin and settlement fees from the Merc member.

The SIMEX-Merc linkup allowed longer trading hours, which in turn allows traders to respond more quickly to market-moving news, for example, money-supply figures that would affect interest rates and the U.S. dollar's movements, after the U.S. futures trading closes.

They can trade on SIMEX, which would reopen 13 hours before the U.S. market or eight hours before the London market starts, and adjust their positions accordingly.

The trading hours on SIMEX have been extended for Deutschemark and Eurodollar contracts to capture the trading interest arising from the opening of the financial markets in Tokyo and London. SIMEX starts trading with Sydney, Tokyo and Hong Kong and continue through the day with London and Zurich.

The mutual offset arrangement should lead to greater liquidity for the Singapore market; one of the most important factors determining the success or failure of a futures market is its ability to insure that the exchange has sufficient liquidity. A liquid market is one that enables traders, both big and small, to transact without significantly affecting the price of a contract.

"The most important thing is liquidity of the members," Mr. Ng said. "If you study the developments in LIFFE, the initial period's volume was perceived to be low, but if you talk to members, they are satisfied. Volume has climbed; 6,000 contracts is expected to be good. We are trying to judge volume of activity, whether the volume was sufficient to cover expenses."

Singapore alone cannot generate a sufficiently large number of transactions to provide that level of liquidity in the short term. From LIFFE's experience, when it began trading in September 1982, it is not an easy task. No amount of support from the many institutional players was able to generate a liquidity. Singapore's aim is that a newly developed SIMEX gold contract "should one day dominate gold trading in Asia just as the New York Commodities Exchange now rules the gold market in the Western hemisphere."

It was not just the prestige of being the first company outside the United States to have a link on trading overnight through an American exchange. There are advantages to being the first. "It's widely believed that being first has been important in the history of futures contracts," a SIMEX official said.

The laggard runs the risk of losing the highly liquid clearers and market makers to the front-runner. Asia-Pacific rival exchanges in Hong Kong and Sydney were racing to achieve their linkups with COMEX and LIFFE.

One of these reportedly urged the authorities not to grant approval until the SIMEX-Merc's contracts were published. In the end, SIMEX started trading on its own in gold futures even before receiving the CFTC's approval for the linkup. On its second day of trading, it broke the Gold Exchange's trading record.

With the linkup approved and in place, volume rose to almost 3,000 contracts a day. The exchange's fortunes have risen and fallen since, but it has succeeded in establishing itself as the first in the Asia-Pacific region for financial futures.

Automation Is Lagging in Singapore

Special to the IHT

SINGAPORE — Some time later this year, Singapore will acquire another symbol for status-conscious executives to sport on their hips. Riding alongside their designer label and telephone pager will be an alpha numeric pager, a useful *tool for traders and dealers* monitoring price movements in a variety of financial markets. The pager, essentially working along the same lines as a telephone pager, can monitor price developments in 10 different items, including shares, market indexes or currency and commodity movements.

The device is seen as a natural tool for dealers in Singapore's growing foreign-exchange and financial futures markets. It also fits in well with the island's ambitious plans to computerize and automate as many functions as possible.

But despite these visible symbols of technology advances, automation has yet to gain wholesale acceptance in Singapore. In banking, despite nearly a decade of creeping computerization — in over-the-counter services as well as in the backroom — customers are still unwilling to forgo human contact when they come to the bank.

Despite the large amounts spent on automated teller machines (ATMs), senior bankers are still worried about the long queues that still crowd their banking counters, slowing down transaction volumes.

ATMs, which are capable of providing more than cash-dispensing services around the clock, have been installed and operational for more than six years. More than 400 machines now dot the island, located not only within bank interchange stations but at petrol stations as well.

Ten major banking groups operate ATM networks on the island. The Development Bank of Singapore (DBS), the Overseas Chinese Banking Corp. (OCBC), the United Overseas Bank (UOB), the Hongkong and Shanghai Banking Corp., the Chartered Bank, *Banque Nationale de Paris*, Citibank, Chase Manhattan Bank and the Post Office Savings Bank (POSB) operate independently. A 10th major bank, the Oversea Union Bank (OUB) in combination with four other smaller Singapore banks operate a joint network through a company called Automated Data Processing.

Because of the multifunctional nature of the ATMs — they accept deposits as well as allow inquiries (all the rudimentary functions of a bank branch), most of the commercial banks have to seek permission from the central bank, the Monetary Authority of Singapore (MAS), before they can install a machine in a new location.

The only exception to the rule has been the POSB, which, as the national savings bank, has the largest number of banking accounts in Singapore — 2.5 million — equivalent to one for every member of the population. POSB's cash-on-line ATM network is the most intensive on the island with more than 150 outlets.

The limited use made of ATMs, though, are severely crimping further plans to automate more banking services. Funds transfer facilities have yet to be fully utilized. The banks here have set up an interbank Giro System to handle bills payments for utilities and other bills. Banks have even toyed with

(Continued on Next Page)

The Yue Loong automobile factory in suburbs of Taipei, Taiwan.

Investor Confidence Is Key to Debt Recovery in Philippines

By Abby Tan

MANILA — As the only Asian country under a debt moratorium, the Philippines will have a continuing shortage of foreign exchange until the end of the decade and commercial borrowings will be hard to come by until — and unless — confidence among local and foreign investors is restored.

Bankers are going to be shy of the Philippines because of all the booming economies of East Asia and the Association of Southeast Asian Nations (ASEAN), the Philippines always gets dishonorable mention with poor credit ratings. The Philippines' image abroad suffers from a crisis of confidence, with a seeming inability to show political will to put things right.

After nine months of negotiations, the Philippines finally submitted a letter of intent to the International Monetary Fund (IMF) for a 615-million special drawing rights (SDR) standby facility in the third week of September. This is only the first hurdle to a few more months of careful planning and delicate negotiations for the years of austerity that the Philippines must undertake for economic recovery.

Bankers and economists are ready to be optimistic about the Philippines' long-term prospects, given its built-in potentials. As an economist at one of the foreign banks said: "There is no reason why the Philippines should not be the highest performer in ASEAN rather than the lowest as it is now. It has all the inventories of resources. But a lot is going to depend on the country's leaders' motivations. Fundamental changes have got to be made in the way the Philippines is running the economy, a sensitive use of foreign exchange and choosing production types that can earn foreign exchange. We can't have wastage, loss and corruption of the past."

The short-term prospects are gloomier. Bankers are not talking about syndicated loans beyond the $1.65 billion new money it hopes to get from its 483 creditor banks to the rescheduling talks, which began on October 1. Before the moratorium of October 1983, the Philippines was already being charged more than 1 percent above the London interbank offered (Libor) for short-term loans and ¾ percent above Libor for medium-term loans. In comparisoo, Thailand, Iodonesia and South Korea are being charged much lower.

Manufacturers Hanover Trust heads a 12-bank advisory group that together bolds 90 percent of the $10 billion to be rescheduled out of the $25.6-billion foreign debt. Smaller banks bave balked at the prospect of kicking in new money, which would represent 12 percent of each bank's total exposures.

The IMF approval for the credit facility will unlock a three-pronged credit request: rescheduling with commercial banks, including $6.4 billion io arrears; $3.3 billion in new funds ($1.65 billion each from the banks and an equal sum from multilateral agencies such as the World Bank and the Asian Development Bank), and trade credits estimated at more than $2 billion.

These are the figures the Philippine government hopes to work on. Foreign bankers in Manila say that they are unsure of the exact amounts involved. The Philippines' actual financial needs are being assessed by an economic subcommittee of the advisory group chaired by Morgan Guaranty Trust.

Analysis prediet that the rescheduling will only be completed in early 1985 and that a fourth extension of the 90-day moratorium, which expired on Oct. 14, would be necessary. In the meantime, the Philippines is seeking bridge financing from the United States and Japan and a small amount from South Korea, in the region of $150 million to $160 million to cover the first two tranches of the IMF facility, which will be released over 18 months.

Among its important creditors are the U.S. Ex-Im Bank and the Commodity Expon Credit Corp., the Japanese Ex-Im Bank and the Overseas Economic Cooperation Fund, Hermes of Germany, Coface of France, the Export Credits Guarantee Department of Britain and the Canada Development Corp.

The Philippines has sought to strengthen its own domestic banking system by encouraging the merger of weaker banks with bigger ones. The governor of the central bank, José Fernandez, explaining the rationale behind this move, said that the Philippines could not hope to get outside financiog anymore and must rely on its own domestic resources.

One of the largest banks, the Bank of Philippine Islands, recently bought over Family Trust Bank, and the government-owned Commercial Bank of Manila absorbed Royal Savings Bank, a bankrupt provincial bank.

It was the Philippines' international structural weakness that caused several upheavals on the IMF agreement. Foreign creditors were dismayed over the infamous $600-million overstatemeot in the foreign reserves. Then money supply went out of control, topping an unprecendented 38 percent at the end of 1983. Political necessity overrode economic caution when the government borrowed 5 billion pesos (equivalent then to $357 million) to fund the legislative elections in May. The government poured in billions of pesos more to prevent the collapse of the banking system hit by a widespread bank run in July.

The price the Philippines will have to pay in return for the IMF agreement will be high indeed. The Philippines peso will have to be devalued for the fourth time. The first official slide began in June 1983, when the peso was pegged at 11 to the dollar, then reached 14 in October 1983. Trading last week had the peso going steadily downward, at 18.21.

The country had a four-tier multiple rate — for expons, imports, interest payments and the blackmarket rate. The four rates are being standardized at a rate bankers predict will be around 21 pesos to the dollar.

The high inflation rate was another major stumbling block to the IMF's approval. The inflation rate in August, on an annualized basis, was 60.35 percent. Economists predict that the entire year's overall rate will settle at 40 percent, still the highest anywhere in Asia.

The central bank has to continue mopping up excess liquidity through the open-market operations, like offering central bank bills at 32 percent interest. This has forced the pesos out of the bank vaults.

The government is committed to reduce its budget deficit for 1985 to 1 percent of gross national product. The deficit of the 13 government corporations, which was even bigger than the national government budget deficit, will have to be drastically slashed to 11 billion pesos in 1985.

The Philippines must also undertake structural reforms as stipulated by the World Bank to start dismantling monopolies of sugar, coconuts and food and instituting a more equitable pricing policy. To begin with, the Ministry of Agriculture has been strengthened as the main planning agency with greater authority. In the process, the National Food Authority, which operated independently before, now has its powers reduced.

Some bankers predict that the economy may be able to turn around much more quickly if the growth rate of its traditional markets — the United States and Japan — is able to reach the target of 4 to 6 percent in 1985, thus making Philippine expons a key factor.

Still, it will be the Philippines' internal resilience and its will to make sacrifices that will make the difference in the long run.

Thailand Retains International Credibility Despite Domestic Banking Problems

By Peter Janssen

BANGKOK — It has been a very full year for Thailand's financial community. The fiscal year 1983-84, which ended on September 30, included the near collapse of almost a dozen finance companies, the takeover of the Asia Trust Bank, the proliferation of unregulated money rackets and the unceremonious dismissal of the governor of the Bank of Thailand, the central bank.

Despite the crises, some of which have yet to be fully defused, Thailand's international credibility has not been seriously blemished, according to bankers in the capital.

"The Thais are naturally cautious people who are cognizant of the pitfalls of overborrowing," said one foreign bank representative officer based in Bangkok. He added that concern over the abrupt dismissal on September 11 of Nukul Prachuabmoh as governor of the central bank had died down pretty quickly among foreign bankers. Although Mr. Nukul's sacking by the finance minister, Sommai Hoontrakul, was severely cricized and the country's credibility took a temporary setback, most bankers now believe that the central bank's operatioo and monetary policy has been unaffected by the dismissal.

Bancha Lamsam, the chairman of the Thai Farmers Bank, the country's secood largest bank, said: "The Bank of Thailand has two things on its mind — the stability of the baht and the control of inflation. And I think that whoever becomes the governor will stick to these things, whoever he is."

The sacking of Mr. Nukul, however, has left unpleasant feelings at the central bank. Not only was the timing of the dismissal order atrocious — a few days before the former governor was scheduled to attend the annual meeting of the International Monetary Fund — but it also sparked concern over the institutional independence and integrity of the central bank. Shortly after his dismissal, Mr. Nukul described the finance minister's move as a "regrettable precedent" and predicted that it would reduce the post of central bank governor to a mere official under the thumb of politicians. The bank has traditionally acted as an independent body responsible for the country's monetary policy while the Finance Ministry has handled fiscal policy.

Mr. Sommai's order to remove Mr. Nukul, which was approved by the cabinet, is generally believed to have been motivated more by a personality clash between the two men than a divergence in economic policy. Both the central bank and the Finance Ministry have adopted a common theme of economic austerity in recent years. A bone of contention, however, arose between the beads of the two institutions over the handling of the collapse of several finance firms late last year. The central bank proposed the establishment of a deposit insurance institute of help boost confidence in local financial institutions but Mr. Sommai flatly rejected the suggestion. Relations between the two men were known to deteriorate thereafter.

Mr. Nukul, who was appointed governor of the bank in 1979, had won the admiration of both local and foreign bankers for his toughness and ability to make unpopular decisions. He is partly credited for leading the central bank toward a monetary policy that has belped to reduce Thailand's inflation from almost 20 percent in 1979 to little more than 2 percent this year. The country has also won an excellent credit-rating during Mr. Nukul's governorship.

Whether his successor, Kamchorn Sathirakul, will be able to match Mr. Nukul's performance remains an open question.

"I think we will have to give him time to see how he handles the temptation of politicians, or the governmeot, to make a heavy spending," said Bancha Lansam about Mr. Kamchorn. The 51-year-old civil servant was personally selected by Mr. Sommai for the governor's post. Mr. Kamchorn has worked at the Finance Ministry since 1960 and bad held the position of director general of the ministry's fiscal policy office before his oew appointment.

Since Mr. Kamchorn assumed the governorship on Sept. 14, much of the anxiety that surrounded Mr. Nukul's dismissal has simmered down. Both Mr. Sommai and Mr. Kamchorn have gone out of their way to dispel fears about diminishiog central bank independence, and most bankers appear ready to believe this so long as the rest of the ceotral bank's senior executive team remains intact. The bank's top executives, led by the deputy governor, Chavalit Thanachanant, are well respected for their integrity and competence, and much of the central bank's policy direction is said to be in their hands. With less personal friction between the new governor and the finance minister expected, there is even the possibility of an improvement in the country's monetary policy implementation. But, as one foreign banker warned, "It will certainly open some eyes" if more central bank staff is dismissed.

Foreign bankers in Thailand have had their eyes opened more than once this year. On August 6, the government announced its takeover of the Asia Trust Bank, which was suffering from mounting liquidity problems, allegedly the result of mismanagement. The ATB has accumulated about $100 million in foreign debts, which fall due between August and the end of the year and the great bulk of which is owed to American banks — including the Crocker National Bank, Citibank, Manufacturers Hanover Trust and Bankers Trust. Under the takeover plan, the Finance Ministry obtained 75 percent equity of the ATB from its former shareholders, namely the Tarnvanichkul and Vichitrananda banking clans.

The central bank recently filed criminal charges against the former ATB chairman, Wallob Tarnvanichkul, who has been accused of fraud against shareholders, breach of laws governing limited companies and violation of the Commercial Banking Act. Mr. Wallob is said to be in Taiwan, with which Thailand has no extradition treaty. The ATB takeover comes at a watershed period for the Thai banking system. March 8, this year, marked the deadline for commercial banks to meet the central bank's divestiture requirements of diversifying ownership to at least 250 small shareholders, each holding a certain minimum percentage of total equity. ATB was notably among the few Thai banks that failed to meet the requirements. Divestiture, however, is not the issue; it is rather the goal of weaning the Thai banking system away from the traditional family-run operations.

While some banks, family-run or not, have proved themselves highly professional institutions, others are struggling to keep afloat in a progressively competitive market demanding higher managerial skills.

Although confidence in the ATB has been partly restored by the government takeover and the appointment of a competent new managerial team, foreign bankers are likely to be more discriminating in their future lending activities with Thai banks.

"We will probably be a little more tight on checking the particulars of each bank," said one foreign banker. As a result of the ATB crisis there has also been talk of adding new amendments to Thailand's 1979 Commercial Banking Act to allow the central bank a greater role in preventing mismanagement of public funds and to enforce more stringent public company reporting and disclosure standards.

Ironically, after Thailand's fiscal authorities struggled all year to preserve confidence in the domestic financial institutions, the money market has been shaken by wholly unregulated money dealings. Known as chit funds but generally believed to be a local version of a pyramid investment plan in which money generated by new deposits is used to pay back old debts, the increasing popularity of these unregulated funds has grown out of all proportion this year. By far the largest of these chit funds is that of Chamoy Thipyaso, better known as Mother Chamoy, whose deposits are estimated at more than 4 billion baht (about $174 million). Mrs. Chamoy's fund offered as much as 6.5 percent interest per month on one's investment and is known to have attracted as many as 80,000 participants during the five years in which it has been operating.

When other so-called chit funds began operation and evidence poured in that their business was spreading nationwide, the Finance Ministry prepared a special decree banning pyramid dealings, which the cabinet agreed to "in principle" on September 11. The decree has not yet been promulgated.

Mrs. Chamoy, a former clerk at the government-run Petroleum Authority of Thailand, is known to have attracted many of her customers from government offices and the ranks of the armed forces. The sudden collapse of her fund could be disastrous for investors, but it is generally believed that if the decree is not passed soon the pyramid business may increase here and eventually pose a threat to the country's economic and even political stability. "In this case the government cannot come in and bail people out because it is not a legal operation," noted one Thai banker.

Automation Is Lagging in Singapore

(Continued From Previous Page)

the idea of setting up ATMs in manufacturing plants around the island to bring banking services to the workplace but the lack of interest and the unwillingness of the corporate management to share the cost of running the facility retards progress. As a result, the machine itself retains a lot more capacity for programmable functions that is now served up to the banking public.

They have also developed software packages to handle salary credits for payrolls for companies. A committee to minimize cash transactions for manpower savings was formed in January this year chaired by the head of the Civil Service. It estimated that seven out of 10 workers are still paid in cash. As much as 2 million manhours are wasted a year because workers have to queue once or twice a month to collect their packet.

The current focus of attention in the retail-banking sphere has now shifted to consumer outlets. Toward the end of 1984, banks hope to provide facilities through their ATMs installed at service stations to allow drivers to transfer payments for gasoline purchases with a plastic card instead of cash.

But the current exercise falls short of allowing for the development of a truly cashless retail operation. The big four local banks — the OCBC, UOB, OUB and DBS Bank — and the POSB are all involved in planning the introduction of a central payment computer attached by remote terminals to retail outlets. The proposed electronic funds transfer through point of sales system (EFTPOS) is expected to be introduced some time next year.

Given these constraints in the retail side of the banking market, efforts to automate the industry further has increasingly concentrated on the wholesale side of banking, including further linkages on the interbank basis.

The Monetary Authority of Singapore is in the forefront of developing an automated interbank clearing operation called Clearing House Interbank Transfer System (CHITS) compatible with the Clearing House Automated Payments System (CHAPS) of London, the Clearing House Interbank Payments System (CHIPS) in the United States and the Clearing House Automated Transfer System (CHATS) in Hongkong.

Singapore banks currently operate through Banking Computer Services, Ltd., an automated check clearing house set up and operated by the Hong Kong and Shanghai Banking Corp. and the OCBC. The system does not entirely eliminate the need to "walk" checks from bank to bank to clear the interbank load of Singapore dollar payments between banks. Daily average volumes processed by the automated clearing bouse rose from 100,000 checks in 1982 to 112,000 in 1983.

There was unhappioess with MAS for the peremptory nature of the introduction of CHITS, a system that has been talked about within the banking community for a number of years. There may, however, be more than central bank impatience at the laggardly nature of developments. Automating check-clearing in Singapore dollars has become a necessity following the development of equivalent systems in the major banking markets of the world. With package switching facilities available on a worldwide basis, it will not be long before linkages between the various interbank clearing systems are developed. That could open the door to multicurrency and multimarket bank clearing across national borders.

Already in Singapore, another committee is sitting down to study the feasibility of U.S. dollar check-clearing among banks. That could be a major addition to Singapore's development as an international financial center. Outside the United States — and with the exception of informal dollar clearing pools among U.S banks overseas — there is no formal clearing facility outside New York. A regional dollar check-clearing pool set up in Singapore could speed up liquidity for many corporations in Asia and enhance the island's attempt to attract more corporate treasurers to set up regional treasuries for multinational operations in Asia.

Major foreign banks already offer the latest electronic cash management systems for corporate clieots in Singapore. They include the major multinational banks like Citibank, Chase Manhattan Bank, Manufacturers Hanover Trust, Wells Fargo Bank, Chemical Bank and Bank of America. Time-sharing facilities are also provided by such major agencies as General Electric Information Services Co. (GEISCO) and Automated Data Processing among others. Local Singapore banks are also gearing up to meet cash-information reporting for local corporate customers. Interbank check-clearing in Singapore and U.S. dollars will assist them in building up their links with companies.

In fact, corporate information systems have suddenly boomed as a major area on the island.

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NYSE Most Actives

	Vol.	High	Low	Last	Chng
NIbMP	17887	16¾	15	16¾	+ ½
P3yCol	12081	18½	17⅞	18	+ ¼
IBM	10745	123⅜	131⅛	123	+ ⅛
AllRich	10604	50⅞	20	50¼	— ¼
AmExp	10083	35⅛	34¾	34¾	+ ½
AT&T n	8631	18½	18¼	18⅛	— ⅛
Novo	7876	25⅜	28	28¼	—8⅞
Mobil	7199	30⅛	29⅞	29⅞	
NSemi s	6924	13¾	12⅞	13¼	+ ¼
Sears	6883	21½	31¾	32⅜	+ ½
Exxon	6850	45½	45	45¼	+ ½
GMot	6745	29	76⅞	78¼	+1¼
Cpresa s	6636	15½	15⅜	15½	+5½
HindPS	6620	15⅛	16¾	16⅞	
ITT Cp	6534	29⅛	29	29½	— ½

Dow Jones Averages

	Open	High	Low	Last	Chng
Indus	1190.04	1209.58	1186.23	1202.96	+ 12.26
Trans	517.72	521.95	514.71	516.54	+ 2.14
Util	140.70	142.34	129.87	141.57	+ 0.87
Comp	470.96	477.81	469.06	414.84	+ 2.78

NYSE Diaries

	Close	Prev.
Advanced	1021	1067
Declined	550	482
Unchanged	425	449
Total Issues	1996	1998
New Highs	57	91
New Lows	12	12
Volume up	30,725,470	
Volume Down	11,542,920	

NYSE Index

	High	Low	Close	Ch'ge
Composite	95.76	94.99	95.60	+0.81
Industrials	111.30	110.35	111.04	+0.96
Transp.	86.69	86.28	86.64	+0.62
Utilities	49.27	48.93	49.27	+0.44
Finance	93.85	92.10	93.74	+0.68

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Oct. 12	123,096	388,417	4,215
Oct. 11	133,488	353,211	3,223
Oct. 10	127,421	366,400	1,852
Oct. 6	118,696	357,724	3,411
Oct. 8	93,842	256,054	1,265

*Included in the sales figures

Monday's NYSE Closing

Vol. at 4 P.M.	87,590,000
Prev. 4 P.M. vol.	92,190,000
Prev consolidated close	106,466,770

Tables include the nationwide prices up to the closing on Wall Street

AMEX Diaries

	Close	Prev.
Advanced	281	277
Declined	251	204
Unchanged	227	261
Total Issues	759	742
New Highs	11	11
New Lows	16	8
Volume up	3,460,710	
Volume down	1,713,645	

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	186.95	184.56	186.44	+ 1.72
Transp.	138.79	123.30	138.51	+ 1.11
Utilities	72.38	71.38	72.37	+ 0.91
Finance	17.81	17.68	17.60	+ 0.17
Composite	166.13	164.09	165.72	+ 1.59

NASDAQ Index

	Close	Ch'ge	Week Ago	Year Ago
Composite	247.37	+ 1.56	244.56	289.69
Industrials	270.59	+ 1.97	267.26	342.05
Finance	282.51	+ 0.77	279.38	278.80
Insurance	269.95	+ 0.86	266.92	347.51
Utilities	218.31	+ 2.77	212.93	269.32
Banks	313.97	+ 1.10	210.17	381.48
Transp.	227.40	+ 2.68	225.63	280.28

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	69.34	— 0.05
Utilities	65.61	— 0.34
Industrials	73.07	+ 0.27

AMEX Most Actives

	Vol.	High	Low	Last	Chng
WangB	8787	27⅛	25¾	26¾	+ ¾
Kirby	6276	4¾	4⅝	4¾	+ [illegible]
CmpCn	2202	13	10⅞	10½	—2¾
BergBr	2005	22⅛	22	22	— ¼
TIE	1586	10⅞	9¾	10	+ ⅛
Sundnc	1527	9½	9⅛	6½	+ ½
Cprimr	1229	33¼	33¼	23	+ ½
Delmed	1178	5⅛	4⅞	5	+ ⅛
CrystlD	1212	4⅛	4⅛	4⅛	— ⅛
AtgoCp	900	71¾	21	21⅝	+ ½
DomeP	883	2½	2⅜	2⅜	
KeyPh s	866	11¼	11½	11⅝	+ ⅛

AMEX Stock Index

High	Low	Close	Ch'ge
212.81	211.48	213.28	+ 0.72

NYSE Prices Rise Sharply

United Press International

NEW YORK — Prices on the New York Stock Exchange were sharply higher at the close Monday in moderate trading.

The Dow Jones industrial average, which rose 7.62 Friday, was ahead 12.26 to 1,202.95 shortly before the close. The Dow gained 8.17 overall last week. Advances led declines by a 10-5 ratio. Volume was about 87.6 shares, compared with 92.2 million traded Friday.

Prices were higher in moderate trading of American Stock Exchange issues.

Bankers Trust encouraged investors when it lowered its prime lending rate to 12¼ percent

While prices in tables on these pages are from the 4 P.M. close in New York, for reasons of time this news account is based on information gathered earlier in the day.

from the prevailing 12¾ percent that was adopted about two weeks ago. Experts had predicted a drop in the prime because of lower borrowing costs for banks.

Federal funds rates that banks charge one another for overnight loans, which dropped as low as 9¾ percent last week, traded at 10 7/16 percent in the early going.

Some traders still are worried short-term rates will rise as the Treasury is forced to sell $42.5 billion worth of bonds and notes in the next four weeks because Congress delayed an increase in the debt ceiling.

Rates have been coming down recently because the Federal Reserve appears to have eased credit due to the slowing economy. Whether the Fed will ease more is subject of a heated debate.

Early in the day, the government reported business inventories rose 0.8 percent in August following a 0.8 percent increase in July. Sales decreased by 0.2 percent compared with a 0.7-percent drop in July.

The government later this week is slated to report on industrial production, capacity utilization, housing starts and the third-quarter gross national product.

The preliminary figures on the third-period GNP showed a 3.6-percent increase, down from the 7.1-percent rise in the second quarter and 10.1 percent in the first.

In early trading, Atlantic Richfield was active. *Toledo Edison followed, off ¼ to 17¼.*

General Motors was up 1¼ to 78¼. UAW members approved a three-year contract with GM. Ford, which reached a tentative agreement with the UAW, was up ⅜ to 47⅜. Chrysler was ahead ⅜ to 31⅛. The automakers had strong early October sales.

Hi-Shear Industries (ex-dividend) was ahead 1 to 15¼, Raymark was up 1½ to 15 ¾ and Echlin Inc. was ahead ¼ to 22⅜. Hi-Shear said it sold 745,000 Raymark shares to Echlin for $20 apiece.

G.C. Murphy, which rose 5¼ last week after Irwin Jacobs bought a large stake in the company, was ahead 2 to 41. Mr. Jacobs boosted his stake to 9.1 percent and might consider taking control of Murphy.

IBM, which rose 1⅜ Friday, was ahead ¼ to 122⅛. IBM last week reported third-quarter earnings of $2.60 a share compared with $2.14 a year ago.

Teledyne, which plunged 18 last week, was off 3¼ to 262.

(Continued on Page 16)

U.S. Stocks Report, Page 14

FUTURES AND OPTIONS

Gold-Contract Guarantee Carries a 2-Way Payoff

By H.J. MAIDENBERG
New York Times Service

NEW YORK — To say that most investors in gold bullion the last few years wished they could get their money back would only be gilding the truth. After soaring to a record high of $850 an ounce on Jan. 21, 1980, the price of cash gold has sunk to $341 at last Friday's close.

Now Mocatta Metals Corp., one of the five London dealers that "fix" the price of gold twice each business day, is offering potential buyers a three-year investment contract through brokerage houses under which it guarantees to buy back the gold at the expiration of the contract at the original purchase price.

"What our Mocatta Guaranteed Value Bullion Units offer investors is in effect the right to get back their investment plus whatever they pay in brokerage commissions, if at the end of the three-year contract the price of gold is less than what they paid originally," said Terry Mayer, Mocatta's marketing director.

"The more metal we move, the more money we make."

But if, at the end of the contract period, the price of gold is greater than the original cost, "then Mocatta will buy back 40 percent of the 100-ounce contract at the original price, and the other 60 ounces at whatever the quote is that day," Mr. Mayer replied.

As an example, Mr. Mayer said, if an investor paid $340 an ounce, or $34,000 for a 100-ounce contract, and the price rose to $500, Mocatta would buy back 40 ounces at $340 each and pay $500 for each of the remaining 60 ounces, or a total of $43,600.

"For investors who want out before the contract expires, we plan to operate a two-way market in the contracts, with prices based of course on the going price for bullion," added Mr. Mayer, whose company does not deal with the public.

What is the catch?

Gerald Gold, regional vice president of International Trading Group Ltd., one of the brokerage houses that is offering the Mocatta contracts, answered:

"The main 'catch' is, naturally, the opportunity cost: What the investor could get during the three years from money-market or other investments that now yield as much as 13 percent a year. At current bullion prices, Mocatta's 100-ounce contracts require a cash outlay of roughly $34,000 plus brokerage commissions."

MR. Gold continued: "What the investor is actually doing, if he is buying Mocatta's contract today, is in effect buying a $340 'put' option on the physical metal. This means he is buying the right, without any obligation, to sell Mocatta 100 ounces of gold at $340 an ounce at the end of three years. Mocatta in effect is selling a call on 40 ounces."

While some bullion dealers offer similar "guaranteed buy-back" plans, Mr. Gold noted that none are of the stature of Mocatta.

What does Mocatta, which introduced its new buy-back contracts in London last February, get out of it? "We hope to make money by selling the 40-ounce call." But basically, Mr. Mayer said, "we make money on the metal's buy-sell spread. Thus, the more metal we move, the more money we make. We don't make money on the so-called float because the customer's bullion is actually in the vault and segregated from our own metal."

But in offering to return the investor's money at the end of three years, Mr. Mayer said, the investor is asked to give up part of any profits, in this case 40 percent. He said this was fair "because the investor is in effect buying a cheap put, while Mocatta is buying an expensive call."

And for brokers? Mr. Gold replied: "As brokers, we work on commissions and the buy-back options by getting part of the premium on the puts and calls that are being bought by investors and sold by Mocatta. Its all a matter of mathematics."

Peso Falls Steeply in Manila

Trading Hectic As Curbs Lifted

United Press International

MANILA — The value of the peso fell sharply against the dollar Monday in the first unrestricted foreign exchange trading in a year, allowed by the government in an attempt to meet the International Monetary Fund's terms for help in easing the country's economic crisis.

President Ferdinand E. Marcos announced Saturday that he would allow the trading as part of an austerity program contained in a "letter of intent" sent to the IMF, which he said had been accepted and would soon be approved by foreign creditors. No formal agreement has been announced.

Economic controls were imposed after the Aug. 21, 1983, assassination of opposition leader Benigno S. Aquino Jr. and were designed to halt the flight of capital spurred by political uncertainties.

In less than 30 minutes of trading, the peso dropped 8.1 percent against the dollar, from 18.45 to 19.95 on two inter-bank transactions amounting to $350,000.

The trading put the peso closer to its black market rate of about 20.40. It was expected to slide again when trading resumes Tuesday, but officials said it would not be allowed to slip more than 4.5 percent in one day.

The IMF agreement, which has been assailed by some businessmen, civic leaders, and opposition political parties, depends on the outcome of talks with some 483 foreign banks on rescheduling part of the country's $25.6-billion debt.

The government has asked the IMF for a 18-month standby credit loan of $650 million and some 483 banks for loans of $1.65 billion and the rescheduling of at least $8.6 billion of its debt.

■ Talks Reach Crucial Stage

Talks between Philippine officials and the country's bank advisory committee on a new-loan and rescheduling package have reached a crucial stage, senior banking sources told Reuters in New York.

"We're down to the issues which really divide us," a banker said. "Now it's a question of pretty hard negotiating." He declined to elaborate on the contentious issues.

The talks, which began in earnest a week ago, still have to resolve the problem of some $375 million in interbank deposits frozen at Citibank's Manila branch.

Some banks are balking at lending fresh money to the Philippines until they get their deposits back.

Union Carbide's Growth Strategy

Company Shifts Focus to More Modern Areas

By Daniel F. Cuff
New York Times Service

Union Carbide Focuses On Its Winners

Business Segments (ranked by share of 1983 revenues)	Where the Company Comes From … Share of 1983 Revenues	Share of 1983 Operating Earnings	… And Where It's Going: Share of 1982 Capital Spending	Share of 1986 Capital Spending
Petrochemicals Building-block petrochemicals: ethylene, propylene and [illegible]	29%	10%	31%	11%
Technology/Specialty Products Engineering, manufacturing and training services; chemicals and plastics	24%	30%	27%	40%
Consumer Products Eveready batteries, Prestone antifreeze, Glad storage bags and Simoniz wax	21%	31%	10%	19%
Industrial Gases Oxygen, nitrogen, argon, hydrogen, helium and acetylene	15%	29%	26%	24%
Metals and Carbon Products Uranium, tungsten, vanadium, chromium and coal and related products	11%	—*	6%	6%

* Percentages of operating income are before intersegment eliminations and a loss of $14 million in the metals and carbon products division.


Alec Flamm, president of the Union Carbide Corporation, at Union Carbide headquarters in Danbury, Conn.
New York Times Service

DANBURY, Connecticut — In its sparkling aluminum-sheathed corporate fortress here, Union Carbide Corp. would seem to be the very model of a modern company.

Indeed, in the last six years, the company has advanced vigorously into modern times, milking some of its traditional businesses, investing in new areas, licensing its technologies. It even sold the cornerstone of its business, the calcium carbide division, from which it took its name a century ago.

Alec Flamm, president and chief operating officer, said in an interview here that what Union Carbide has done "is the most major change that the corporation has ever gone through." Still, Mr. Flamm said, "from an industrial standpoint, the world we live in is going through the most fundamental change that we've ever experienced."

Union Carbide has designated as cash generators two of its mainstay activities: its basic petrochemicals business, which has been swamped by global overcapacity, and its metals and carbon segment, which has been hurt by its dependence on the beleaguered steel industry. The company is instead concentrating investment in its three other lines of business, consumer products, industrial gases and technology services and special products.

But Union Carbide has yet to prove that it has found the right strategy.

"They are going as fast as they can under the circumstances," said John P. Henry, an analyst at E.F. Hutton. "Unfortunately, they still have a lot of assets" in difficult areas.

Last year, the company had net income of $79 million on revenues of $9 billion, compared with $310 million in net income on revenues of $9.1 billion in 1982. Union Carbide's earnings peaked in 1980 at $10.08 a share. This year, William R. Young, a chemical-industry analyst at Dean Witter Reynolds Inc., estimates Union Carbide's earnings at $5.80, up from $3.11 in 1983.

The architects of Union Carbide's change, Warren M. Anderson, chairman and chief executive, and Mr. Flamm, are given credit for moving in the right direction. But many Wall Street analysts fault their results in comparison with some other chemical companies. "In general, they are trying hard," Mr. Young said. "Conditions have gone against them and they haven't been able to put it together as well as some of the other companies."

Monsanto Co., he said, will have record earnings this year, partly because of restructuring and product development in agricultural chemicals. Rohm &

(Continued on Page 19, Col. 1)

U.S. Interstate Banking Gets Boost

United Press International

WASHINGTON — Citing the failure of Congress to make new rules, one of the chief U.S. banking regulators announced Monday that more than 300 applications for interstate banking will be considered in the next few weeks.

The statement by Comptroller of the Currency C.T. Conover ended speculation about whether the banking industry is to be allowed to use a loophole in Depression-era banking law to spread across state lines.

The development could change the face of American banking, allowing large big-city banks to have operations in smaller communities across the country and, for that reason, is bitterly opposed by smaller banks and some state legislatures.

Chase Manhattan Profit Drops by 14 percent. Page 17.

The announcement immediately brought an angry reaction from a group representing 7,800 community banks, the Independent Bankers Association.

"This is an unfortunate step which further destabilizes an already shaky banking system," Executive Director Ken Gunther said.

The Federal Reserve also is opposed to the proliferation of interstate banking on these terms and theoretically has the last word in most of the applications because they come from bank holding companies that the Fed regulates along with the Comptroller.

But recent court decisions in the area suggest the Fed would lose a challenge to the applications and it is not clear if the Fed will keep trying.

Mr. Conover said his agency is

(Continued on Page 17, Col. 1)

Bankers Trust Is Alone in Cut Of Prime Rate

The Associated Press

NEW YORK — Bankers Trust Co. cut its prime lending rate by one-half percentage point to 12¼ percent Monday, but no other major banks matched the reduction.

Nonetheless, some credit analysts predicted the rest of the banking industry soon would follow New York-based Bankers Trust in lowering the lending charge from the 12¾-percent level established last month, when it was cut from 13 percent.

"Before long, we're going to see everybody at 12¼ percent," said Maury N. Harris, vice president of the investment firm Paine Webber Inc.

[Mitsui Manufacturers Bank of Los Angeles was the first bank to follow Bankers Trust by cutting its prime rate to 12¼ percent, from 12¾, Reuters reported.]

The move by Bankers Trust, the ninth-largest U.S. commercial bank, followed declines in other money-market rates — which lowered banks' cost of raising funds for lending — and came at a time when business borrowers are increasingly turning to sources other than banks for short-term loans.

"The economy is slowing down, the Federal Reserve is easing monetary policy and banks' cost of money is going down, it's just that simple," Mr. Harris said.

The importance of the banking industry adopting the lower prime lending rate, be added, is that it "substantially reduces the risk of a recession in the U.S. economy in the next number of quarters."

While the action by Bankers Trust helped rally the stock market, prices of Treasury bonds rose only moderately as a heavy schedule of government borrowing continued to weigh on the credit markets.

The Treasury, which had to postpone earlier borrowing plans because of congressional delays in raising the federal debt limit, has scheduled the sale of $42.3 billion in notes and bonds for the next four weeks.

The prime rate is the base upon which banks compute interest charges on short-term business loans and is an indicator of the direction of lending charges.

The most creditworthy client often borrows at below the prime rate, while small businesses typically are charged more than the prime rate.

While the prime might not directly affect the price of consumer loans, it is an indicator of the direction of lending charges generally.

At the start of the year, the prime rate stood at 11 percent. But it climbed to 13 percent in June, a level it held until last month.

Although most major banks adopted a 12¾-percent prime rate in September, Wells Fargo Bank of San Francisco lowered its prime rate to 12½ percent.

The prime rate began falling this year after the federal funds rate, the interest on overnight loans between banks, began to retreat.

After trading at close to 12 percent in August, the federal funds rate slipped steadily, and traded Monday at 10½ percent. Yields on three-month certificates of deposit in denominations of $100,000 and up, another important source of funds for banks, also have dropped to around 10½ percent.

Meanwhile, business borrowers have increased their reliance recently on commercial paper, which have been carrying ever lower interest rates. Businesses have increased their borrowing through commercial paper by more than $6 billion in the past month.

Taiwan Weighs Relaxing Curbs On Its Investors

Reuters

TAIPEI — Taiwan is studying plans to relax its strict foreign-exchange controls to allow investment in foreign stock markets by private individuals, a senior central bank official said Monday.

He said the move would help the government curb inflationary forces, due mainly to trade surpluses. Taiwan had a surplus of $6.6 billion in the first nine months of this year.

Currently, all access to foreign exchange must go through the central bank and earnings by Taiwanese businessmen must be converted into local currency.

A bank source said the government was likely to invite foreign brokerage houses to act as advisers and middlemen for local investors.

The official said the government was under increasing pressure from local businessmen to relax controls after Taiwan's foreign reserves reached a record $16 billion last month. Some industrial leaders have said the reserves should be used to expand Taiwan's investment abroad.

Currency Rates

Late interbank rates on Oct. 15, excluding fees.
Official fixings for Amsterdam, Brussels, Milan, Paris. New York rates at 4 P.M. EDT.

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	3.54	4.28	112.70 *	36.74 *	0.1833	—	5.583 *	137.38 *	142.23 y
Brussels(a)	63.42	76.57	20.193	6.5865	3.26 *	17.916	—	24.425	25.478 *
Frankfurt	3.146	3.802	—	32.62 *	1.626 x	88.48 *	4.956 *	122.10 *	1.263 *
London (b)	1.2082	—	3.7998	11.6411	2,336.06	4.2798	76.645	3.1144	300.785
Milan	1,933.75	2,332.70	615.91	200.80	—	546.40	30.495	750.35	7.77
New York(c)	—	1.208	3.1483	9.635	1,934.50 *	3.5425	63.425	2.5775	249.00
Paris	9.63	11.628	306.50 *	—	4.9805 x	272.04 *	15.189 *	373.75 *	3.8693 *
Tokyo	248.975	303.10	79.48	25.94	12.92 *	70.51	393.58 *	96.88	—
Zurich	2.5768	3.1123	81.92 *	26.74 *	0.1333	72.705 *	4.0563 *	—	1.0345 *
1 ECU	N.A.								
1 SDR	0.986008	0.81327	3.09399	9.49526	1,906.57	3.4905	62.5326	2.5377	245.023

Dollar Values

$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$
0.8306	Australian $	1.2039	0.9955	Irish £	1.0045	0.4607	Singapore $	2.1705
0.0454	Austrian schilling	22.045	0.0022	Israeli shekel	447.30	0.5695	S. African rand	1.754
0.0158	Belgian fin. franc	63.35	3.3212	Kuwaiti dinar	0.3011	0.0012	S. Korean won	828.85
0.7571	Canadian $	1.3208	0.4167	Malay. ringgit	2.40	0.0057	Span. peseta	174.95
0.0882	Danish krone	11.3335	0.1112	Norw. krone	8.9905	0.1138	Swed. krona	8.7895
0.1547	Finnish mark	6.4645	0.054	Phil. peso	18.5195	0.0256	Taiwan $	39.13
0.0078	Greek drachma	127.70	0.0061	Port. escudo	163.584	0.0435	Thai baht	22.975
0.1277	Hong Kong $	7.8325	0.2808	Saudi riyal	3.5615	0.2723	U.A.E. dirham	3.673

£ Sterling: 1.2218 Irish £
(a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (y) Units of 10,000
N.Q.: not quoted; N.A.: not available.

Interest Rates

Eurocurrency Deposits Oct. 15

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1M.	10 ¾ - 10 ⅞	5 ⅛ - 5 ¼	4 ⅝ - 5 ⅛	10 ¾ - 10 ⅞	11 ⅛ - 11 ⅜	9 ⅞ - 9 ⅞	9 ¾ - 9 ⅞
2M.	10 ¾ - 10 ⅞	5 ⅛ - 5 ¼	4 ⅞ - 5 ⅛	10 ¾ - 10 ⅞	11 ⅛ - 11 ⅜	9 ⅞ - 9 ⅞	9 ⅝ - 9 ½
3M.	10 ⅞ - 11 ⅛	5 ⅞ - 6	5 ⅛ - 5 ⅜	10 ⅞ - 10 ⅞	11 ½ - 11 ⅝	9 ⅞ - 10 ⅛	9 ½ - 9 ⅝
6M.	11 ¼ - 11 ⅜	5 ⅞ - 5	5 ⅜ - 5 ½	10 ⅞ - 10 ⅞	11 ⅞ - 12 ⅛	10 - 10 ¼	9 ⅞ - 10 ⅛
1Y.	11 ⅝ - 11 ¾	5 - 6 ⅛	5 ⅝ - 5 ¾	10 ½ - 10 ⅝	12 ¼ - 12 ½	10 ⅛ - 10 ⅜	10 - 10 ¼

Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Asian Dollar Rates Oct. 15

1 mo.	2 mos.	3 mos.	6 mos.	1 year
10 ¾ - 10 ⅞	10 ⅞ - 10 ⅞	11 - 11 ⅛	11 ¼ - 11 ⅜	11 ⅝ - 11 ¾

Key Money Rates

United States	Close	Prev.
Discount Rate	9	9
Federal Funds	10 ¼	10 ¼
Prime Rate	12 ¼	12 ¾
Broker Loan Rate	11	11
Comm. Paper, 30-179 days	10.35	10.35
3-month Treasury Bills	9.87	9.89
6-month Treasury Bills	9.99	9.99
CD's 30-59 days	10.25	10.12
CD's 60-89 days	10.30	10.36
West Germany		
Lombard Rate	5.50	5.50
Overnight Rate	5.65	5.65
One Month Interbank	5.90	5.90
3-month Interbank	6.10	6.10
6-month Interbank	6.15	6.15
France		
Intervention Rate	11	11
Call Money	11 ½	11
One-month Interbank	10 ⅞	11 1/16
3-month Interbank	11 5/16	11 1/16
6-month Interbank	11 ⅝	11 ⅝

Britain	Close	Prev.
Bank Base Rate	10 ½	10 ½
Call Money	10 ¾	10 ¾
91-day Treasury Bill	9 ⅞	10 ⅛
3-month Interbank	10 ⅜	10 ⅜
Japan		
Discount Rate	5	5
Call Money	5 1/16	5 1/16
60-day Interbank	5 5/16	6 ¼

Sources: Commerzbank, Bank of Tokyo, Lloyds Bank.

Gold Prices

	A.M.	P.M.	Ch'ge
Hong Kong	339.85	339.10	+ 1.20
Luxembourg	338.30	—	+ 0.30
Paris (12.5 kilo)	338.19	337.51	+ 0.15
Zurich	339.15	338.65	— 3.10
London	338.25	338.65	— 0.25
New York	—	340.90	— 0.80

Official fixings for London, Paris and Luxembourg, opening and closing prices for Hong Kong and Zurich. New York Comex current contract. All prices in U.S.$ per ounce.

Markets Closed

Financial markets were closed Monday in Israel for a holiday.

Japan Says Production Up by 0.7%

Reuters

TOKYO — Japan's revised industrial production index in August was up 0.7 percent, the same as it was in the preliminary report, the International Trade and Industry Ministry said Monday.

In July, the index was up 0.3 percent from the June level.

The revised unadjusted August index was up 11 percent from the level of a year earlier, after a 12.8-percent year-to-year gain in July, showing a two-digit.

The revised and adjusted August Producers' Shipment Index was also unchanged, up 0.4 percent from July when it was up 0.9 from June.

On an unadjusted basis, the revised August shipment index was up 6.5 percent from a year earlier after a 10.8 percent year-to-year July gain.

The revised and adjusted August Index of Producers' Inventories of finished goods was up 0.8 percent from the July, when it was up 0.6 percent from the June level.

Barlow Says It Has 90.5% of Bibby Stock

Reuters

JOHANNESBURG — Barlow Rand Ltd. said Monday that its bid for control of J. Bibby & Sons PLC has been "highly successful," with its ownership reaching 90.5 percent of Bibby shares when the offer expired Friday night.

Barlow Rand's chief operations officer, Warren Clewlow, said his company intends to maintain the Bibby listing on the London Stock Exchange, so that Barlow has the currency and geographic spread for further overseas acquisitions when suitable opportunities arise.

China Experiments With Issuing Stock in Companies to Public

By Jim Mann
Los Angeles Times Service

BEIJING — When the managers of the Tianqiao Department Store decided this summer to open branches in outlying provinces, they did not go through the customary process of asking the state for money.

Instead, working through a Beijing bank, they issued shares of stock. They sold the shares at $40 apiece to employees and to other enterprises and private individuals.

The shares were quickly bought up. It was the first sale of stock in the city in decades, and many Beijing residents who read about it in the newspapers wrote to the bank asking to be notified immediately of future issues.

In a cautious and experimental fashion, China has begun trying to improve its financial situation by this traditionally capitalist method of doing business.

"Issuing stocks is an entirely new event" in Communist China, Gao Fengshi, who managed the department store's stock sale for the Industrial and Commercial Bank of Beijing, said in a recent interview. "This is a means to help the national economy."

No other communist country, not even Yugoslavia, which has experimented with worker-managed enterprises and privately owned small businesses, has been so bold as to let private individuals who do not work for a company own stock in it.

In China, buying and selling stock is not carried out in quite the same way as in the United States or other capitalist countries. For one thing, at least for now, there is no stock exchange, so Chinese stocks cannot be actively traded. Officials say they do not want to do anything that would encourage "speculation" in stocks.

Shares issued here have some characteristics in common with bonds issued in the United States. They have fixed dates of maturity, five years in the case of the Tianqiao Department Store, and they offer a fixed rate of return, 5.4 percent in this case, that makes them a relatively safe, secure investment.

But like shares issued elsewhere, they offer investors dividends that are paid out of the profits of the enterprise; the larger a company's profits, the larger the dividends.

People who own stock in a Chinese enterprise are considered part owners of the company. They are permitted representation on a board of directors that oversees the management of the enterprise. In fact, Mr. Gao, who is head of general business for the Industrial and Commercial Bank, said he hopes one of the side effects of the department store's issue is that the stockholder's board will improve the quality of the store's management.

The companies that are selling stock are being encouraged to offer the shares to their employees, who, it is hoped, will work harder when they have a personal stake in the company.

So far, the Chinese government has not commented extensively on the stock sales. It authorized the issuance of stock by rural enterprises earlier this year, and since then the press has paid scant attention as the phenomenon has spread.

"The Guangzhou office of the Agricultural Bank is selling stocks amounting to 150 million yuan [$60 million] to put up a 60-story building," the New China News Agency reported a few weeks ago, adding that "stock purchases have been by [work] units and individuals."

In July, the province of Guizhou in southern China announced plans to start the country's first provincial airline and to do so by forming a joint stock company open to any organization or individual with a minimum of the equivalent of $4,000 to invest.

The new company, to be called Southwest Airline of China, will operate independently of the state-run airline, the Civil Aviation Administration of China. Two other provinces, Yunnan and Sichuan, will join Guizhou as sponsors and guarantors of the new company.

"The venture has already proved a hit," Guizhou's deputy governor, Xu Caidong, said in July. "More than 1,000 shares — 10 million yuan — have been sold in the few months since the airline was announced to the province."

When a new technology-development company was established earlier this year in eastern China, it offered stock to the public at $400 a share. Newspaper reports said one peasant alone bought 10 shares.

According to Mr. Gao, the stock sales started early this year, when the Communist Party Central Committee issued a document permitting rural enterprises to raise funds in this manner. He acknowledges now that it did not specifically authorize stock sales in places like Beijing. But he says he and other bank officials took the party document as an encouraging sign that they could start issuing stock in the cities, too.

"We feel there is a need for us to do something new in the city," Mr. Gao said. "We are still in an experimental stage now. The department store was the first handled by my bank here." He acknowledged that the bank is proceeding with great care because there is no law yet that spells out the rules for stock transactions.

He said his bank will not permit individuals to resell shares that have been issued by the bank. If a person who has bought shares wants to sell them, he must bring them back to the bank.

"If we allow people to trade shares freely, this will make certain departments concerned move to control the situation," Mr. Gao said, but he declined to specify which departments. "We want to avoid any speculation simply because the profits of the department store go up. We don't want these shares to become a new form of currency in the society."

The department-store offering was announced July 25 in the Beijing Evening News and the following day in a national newspaper, the Economic Daily. Since then, the bank has sold 30,000 shares of stock, raising $1.2 million.

People who want to buy shares of the department store's stock simply go to the bank with the cash they want to invest. Until now, the bank has been giving them receipts for the money; eventually, the shareholders will receive stock certificates.

Like many other financial transactions in China, dividends will be paid in cash, Mr. Goa said. Instead of getting checks in the mail, shareholders will go to the bank.

As a result of the government's economic liberalization, Mr. Gao said, his bank is also attempting to develop a more active business in trusts and investment. At the moment, most of the clients are business enterprises, but the bank is also beginning to help individuals look after their bonds and prepare wills.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street

(Continued from Page 14)

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
9⅛	5	PtrInv	1.06e	17.7		10	6	6	6	
42¼	29⅝	Pfizer	1.32	3.7	12	3427	35¾	34⅝	35½	+ ¾
27⅞	13½	PhelpD				1597	16⅛	15¾	14⅛	+ ¼
45¾	36½	Phelp pr	5.00	12.9		17	38⅝	38½	38⅞	+ ⅜
26¾	20¾	PhibrS	.54	1.8	9	3314	21⅜	30⅝	30¾	+ ⅛
17⅜	9	PhilaEl	2.20	15.7	5	2266	14	13¾	14	+ ¼
33	24	PhilE pf	4.30	15.4		200z	28	27¾	28	+1⅛
33¾	25	PhilE pf	4.40	16.1		20z	27¼	27¼	27¼	
58	40	PhilE pf	7.00	16.3		220z	44	43	43	—1
66	50¾	PhilE pf	8.76	16.1		50z	54¼	54¼	34¼	— ¼
10¼	6½	PhilE pf	1.33	15.2		54	8¾	8⅝	8¾	+ ⅛
58¾	42	PhilE pf	7.85	15.9		500z	50	49½	49⅞	

T

62	35⅝	TDK	.29e	.7	18	45	42⅝	42⅝	42½	— ⅛
28	24	TECO	2.20	7.8	8	472	28⅜	27¾	28⅛	+ ⅜
17⅝	8⅝	TGIF n			14	46	9⅝	9⅝	9½	+ ⅛
13½	11⅝	TNP	1.19	8.7	8	7	13⅝	13½	13⅝	+ ⅛
26	17	TRE	1.00	4.7	27	26	21½	21¼	21¼	— ¼
82	58⅝	TRW	2.80	4.8	11	691	70½	68⅝	70½	+1⅜
179½	134	TRW pf	4.40	3.9		5	152½	151	152½	— ½
152	118	TRW pr	4.50	2.5		1	129	129	129	+3
14⅛	3½	TacBoat				73	4¼	5⅛	5⅛	— ⅛
70	47	TaftBrd	1.12	1.9	13	81	60⅝	60½	60½	
15	9¾	Talley			12	144	16	14⅝	15	
17¼	13½	Talley pf	1.00	5.8		44	17⅝	17	17⅝	+ ⅜

W

26½	20¼	WICOR	2.30	8.7	6	30	24½	26⅛	26½	+ ⅛
53⅛	34⅛	WabR pf	4.50	11.4		30z	39½	39½	29½	+1
20	20⅝	Wachv s			9	173	26½	26	26½	+ ⅛
25⅛	18⅛	Wackht	.60	2.7	13	19	22⅝	22⅛	22⅝	
10¼	7	Wainoc			59	42	7⅝	7½	7⅝	— ⅛
47	30¼	WalMrt	.21	.5	26	1100	42⅝	41⅜	41⅜	+ ⅜
42	28⅝	Walgrn	.88	2.2	15	646	40½	38	40½	+2⅝
22⅝	15⅝	WalHRs	1.32			26	18½	18⅛	18½	— ¼
32½	23¾	WalCSv	.40	1.4	15	30	29⅝	29½	29½	— ½
31¾	22	WaltJ e	1.20	4.4	7	138	27⅝	27⅛	27⅝	
42½	29½	WaltJ pf	1.60	4.4		5	36⅛	36½	36⅜	+ ⅜
31¼	20⅝	Warnco	.80	3.9	8	640	23⅝	21⅝	22⅝	+ ⅜
29⅝	17	WrnCm	.50l			1252	20⅛	19⅝	20	+ ¼
35⅛	27⅝	WarnrL	1.48	4.7	12	1046	21½	21⅛	31⅜	+ ⅛

NYSE Highs-Lows

Floating Rate Notes Oct. 15

Dollar

Non Dollar

Prices supplied by Credit Suisse-First Boston Ltd., London

U.S. Futures Oct. 15

Grains

Livestock

Food

Metals

Financial

Industrials

Stock Indexes

Commodity Indexes

Market Guide

Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

(Continued from Page 19)

Pacific Lighting

a: loss. 1984 net inc... million from writeof...

London Commodities

Oct. 15

Figures in sterling per metric ton. Gasoil in U.S. dollars per metric ton. Gold in U.S. dollars per ounce.

	High	Low	Close		Previous	
SUGAR						
Dec	143.40	141.40	142.60	143.80	143.00	144.00
Mar	160.00	157.80	158.60	159.00	159.60	160.00
May	166.40	163.80	166.20	166.40	166.20	166.60
Aug	175.20	174.40	175.40	176.00	176.00	174.40
Oct	184.00	182.40	183.80	184.00	184.20	185.00
Dec	190.20	190.20	190.00	191.60	191.00	194.00
Mar	N.T.	N.T.	206.00	207.00	207.00	208.00

1,766 lots of 50 tons.

COCOA

Paris Commodities

Oct. 15

Sugar in French Francs per metric ton. Other figures in Francs per 100 kg.

	High	Low	Close		Ch'ge
SUGAR					
Dec	1,685	1,670	1,700	1,705	+22
Mar	1,734	1,695	1,728	1,729	+35
May	1,765	1,745	1,770	1,780	+27
Aug	1,815	1,805	1,825	1,835	+32
Oct	1,875	1,865	1,890	1,900	+30
Dec	N.T.	N.T.	1,920	1,960	Unch.

Est. vol.: 1,457 lots of 50 tons. Prev. actual sales: 1,190 lots. Open interest: 14,935

	High	Low	Close		Ch'ge
COCOA					
Dec	2,200	2,150	2,142	2,155	—47
Mar	2,150	2,141	2,140	2,145	—44
May	N.T.	N.T.	2,140	—	—45
Jly	N.T.	N.T.	2,145	—	—45
Sep	N.T.	N.T.	2,150	—	—45
Dec	N.T.	N.T.	2,155	—	—45

Asian Commodities

Oct. 15

HONG-KONG GOLD FUTURES
U.S.$ per ounce

	High	Low	Close Bid	Close Ask	Previous Bid	Previous Ask
Oct	340.00	340.00	338.00	340.00	337.00	339.60
Nov	N.T.	N.T.	339.00	341.00	338.00	340.00
Dec	N.T.	N.T.	342.00	344.00	341.00	343.00
Feb	350.00	350.00	349.00	351.00	348.00	350.00
Apr	N.T.	N.T.	354.00	356.00	354.00	356.00
Jun	N.T.	N.T.	361.00	363.00	360.00	362.00
Aug	N.T.	N.T.	368.00	370.00	367.00	369.00

Volume: 21 lots of 100 oz.

SINGAPORE GOLD FUTURES
U.S.$ per ounce

	High	Low	Settle	Prev. Settle
Dec	344.30	343.40	343.70	342.20
Feb	N.T.	N.T.	350.30	348.90

Volume: 437 lots of 100 oz.

KUALA LUMPUR RUBBER

SINGAPORE RUBBER

KUALA LUMPUR PALM OIL

Cash Prices Oct. 15

Cooling of Economy In U.S. Predicted

United Press International

NEW YORK — The U.S. economy will continue to "cool down," in the coming quarters and a recession is very unlikely at least through 1986, the chief economist for Standard & Poor's Corp. predicted Monday.

Writing in Trends & Projections, David Blitzer said, "The economy may not take long strides forward in 1985, but at least it will be heading in the right direction."

London Metals Oct. 15

Figures in sterling per metric ton. Silver in pence per troy ounce.

S&P 100 Index Options

Oct. 15

Chicago Board

DM Futures Options

Oct. 15

To Our Readers

Dividends were not available in this edition because of computer problems.

BUSINESS ROUNDUP

Saab Has 35% Rise in Pretax Profit

By Juris Kaza
International Herald Tribune

STOCKHOLM — Saab-Scania AB, the Swedish automotive and aerospace group, reported Monday that pretax profits in the first eight months rose 35 percent, to 1.443 billion kronor ($164.17 million), from 1.071 billion kronor a year ago. Per-share earnings increased to 30.25 kronor from 22.10 kronor a year earlier.

Sales in the first eight months rose 27 percent, to 16.168 billion kronor. The Saab-Scania group president, Georg Karnsund, forecast sales for all of 1984 would rise 25 percent, to around 26 billion kronor, from 20.7 billion kronor in 1983, while earnings would grow at a faster rate.

In 1983, Saab-Scania had pretax profits of 2.02 billion kronor.

Mr. Karnsund also announced that Saab would invest 360 million kronor by 1988 to boost its production capacity for cars to 150,000 annually, from current levels of 120,000, due to increasing sales in the United States and Canada.

Car division sales rose 26 percent, to 6.134 billion kronor, the interim report said. Sales of Scania trucks also rose 26 percent, to 5.599 billion kronor.

Saab-Scania said it would invest 135 million kronor in a new research and development laboratory in Sodertalje, near Stockholm, to develop new car and truck engines.

Saab-Scania's aircraft division said sales rose 28 percent, to 1.176 billion kronor, largely due to invoicing of ongoing work on the Gripen, a combat plane that is scheduled to go into service in the early 1990s. Earnings of the aircraft division were down, mainly because the company does not book profits on defense work until the projects are completed.

In the civilian aircraft division, Mr. Karnsund said Saab-Scania has reduced 1984 deliveries of its new SF-340 commuter turboprops to 14 or 15, from the 20 aircraft as planned, because certification of the 35-passenger commuter and corporate aircraft was delayed.

The plane is jointly developed with Fairchild Industries of the United States.

Morgan Grenfell To Take Stake in Pember & Boyle

Reuters

LONDON — Morgan Grenfell Holdings Ltd., the merchant bank, and Pember & Boyle, a government-bond dealer, have agreed for Morgan to take a 5-percent stake in the bond company, Morgan Grenfell announced Monday.

Financial terms were not disclosed. Morgan intends to acquire full ownership of Pember & Boyle, one of the 10 largest dealers in British government bonds, when the London Stock Exchange relaxes its limits on outside interests in member firms.

The statement said the operations of Pember & Boyle eventually will be merged with Pinchin Denny & Co., a stock jobber. Morgan Grenfell recently took a 29.9-percent stake in Pinchin Denny.

Morgan Grenfell said a new subsidiary, Morgan Grenfell Securities, is being formed to develop its stock-exchange operations. Morgan Grenfell Securities is to apply to become a primary dealer in the government-bond market under the exchange's new dealing system, which is to be introduced when commission rates become negotiable rather than fixed.

The government has given the exchange until the end of 1986 to abolish fixed-rate commissions.

The Morgan group plans to recruit an equity sales and research team, which Pember & Boyle and Pinchin Denny do not now have.

Chase Raises Reserves To Cover Loan Losses

United Press International

NEW YORK — Chase Manhattan Corp. said Monday that third-quarter earnings declined 14 percent to $93 million from $108 million last year and the 1984 quarter's profits included a sizable recovery of losses it suffered on the collapse of Drysdale Securities Inc.

Chase's principal subsidiary is the third largest U.S. bank.

Chase had a $49-million pretax extraordinary gain ($20 million after-tax) that was recovered from Arthur Andersen Inc., accountants for Drysdale Securities Inc. Andersen was among defendants in a suit Chase filed over a loss of more than $100 million it suffered when Drysdale's government trading subsidiary collapsed in 1982 after it could not meet interest on government securities it had borrowed from major brokerages.

Chase put the entire $49 million into its loan loss reserve, which it increased to $125 million from $70 million in the same quarter of 1983 despite a decline in nonaccrual loans and loan charge-offs.

Chase said it elected to increase its provision "in recognition of uncertain conditions in certain developing countries."

Of its total nonaccrual and reduced-rate loans of $2.1 billion at the end of the quarter, about $570 million was in cross-border loans to Argentine borrowers.

Chase's acquisition of Lincoln First Banks Inc. during the third quarter reduced its per-share earnings to $1.70 from $2.76 in the comparable period of 1983.

In the first nine months of 1984, Chase earned $286 million, down from $319 million in the same period last year. Per-share earnings slipped to $6.44, from $8.81 last year.

■ **First Pennsylvania Has Net**

First Pennsylvania Corp. reported third-quarter net income of $11.6 million, or 29 cents per share, compared with a net loss of $2 million a year earlier, UPI reported from Philadelphia.

The quarterly earnings included a $10-million gain from the retirement of publicly held convertible subordinated debentures that were exchanged for convertible depositary preferred shares, the parent company of First Pennsylvania Bank said.

Operating income for the third quarter was $1.6 million, compared with an operating and net loss of $2 million during the 1983 period.

Britain Rejects IBM-BT Plan for Data-Networking

Reuters

LONDON — The British government has rejected an application by International Business Machines Corp. and British Telecom for a license for a joint venture to provide data-network managing services, the Trade and Industry Department said Monday.

The department, however, is willing to grant licenses to each of the two companies separately, or to any other company that might want to apply for one. The joint application by IBM and BT was turned down because it was felt it would discourage competition in a newly developing market, the government said.

BT, which is government owned but soon to be denationalized, and IBM announced at the end of July their plan to set up the joint venture.

The service would have provided users with data-networking operations, including management functions, together with special features such as electronic-mailbox and database facilities.

The companies said Monday in a joint statement that they were disappointed that the government opposed the plan.

UAW Members Back GM Pact

The Associated Press

DEARBORN, Michigan — Members of the United Auto Workers ratified a three-year labor contract with General Motors Corp. on Sunday, the same day the union reached a tentative accord with the Ford Motor Co.

The vote on the agreement with the No.1 U.S. automaker was 138,410 in favor to 102,528 against, or 57.4 percent to 42.6 percent.

The totals were compiled from voting conducted over three weeks by 149 bargaining units after the agreement covering 350,000 workers was reached Sept. 21. The contract with GM gives it three years of labor peace and sets up worker aid programs of a size unprecedented in American industry.

Time Posts 52% Rise in Net

Reuters

NEW YORK — Time Inc., in reporting that its earnings rose 52 percent in the third quarter, said Monday that it has repurchased 1,628,000 shares of its common stock during the period, bringing total purchases so far this year to 2,280,300 shares.

Time had previously announced its long-term plan to buy back up to 4 million of the 61 million common shares outstanding.

Earlier, the company said its third quarter net income rose to $46 million, or 72 cents a share, from $30.3 million, or 47 cents a share a year earlier," in part as the result of advertising generated by the Los Angeles Olympic Games.

Time said its strong earnings performance "is attributable to the continued record-breaking pace of the magazine group and a solid profit improvement by our book publishing operations."

Time said pretax profit from its magazine group totaled $29.4 million, after a $8.7-million loss a year earlier. Magazine earnings "were bolstered by Olympics-related advertising," with the special Summer Olympics issue by its Sports Illustrated magazine contributing to a 35-percent gain in third-quarter ad revenues over the level of a year earlier.

The company said its book group's pretax profits increased to $10.4 million in the third quarter from $5.6 million, the result primarily of what it called the "strengthening turnaround" at Time-Life Books.

Time said its video group's pretax profit slipped to $56 million, from $57.6 million a year earlier.

The company said its American Television & Communications Corp. subsidiary had higher profits, while Home Box Office Inc. continued to experience slower subscriber growth and higher programming costs.

Germans Get Chinese Steel Contract

Reuters

DUSSELDORF — China plans to award a West German consortium a 1.5-billion Deutsche mark ($484-million) contract to build a hot-rolled-products steel plant at Boashan near Shanghai, a spokesman for the consortium leader, Schloemann-Siemag, said Monday.

Schloemann-Siemag, a subsidiary of Gutehoffnungshütte Aktienverein, is negotiating with the Chinese authorities over the new contract but no letter of intent has yet been exchanged.

The West German company is finishing a $450-million cold rolling mill at Baoshan.

U.S. to Weigh Bank Appeals

(Continued from Page 15)

beginning to review 329 existing applications for such banks that have been termed "nonbank banks" because they either do not make commercial loans or accept deposits.

About 60 of the applications are complete and the total is expected to increase sharply as competitive forces in the industry generate many more.

Congressional leaders have warned that new banks established across state lines may be put out of business when Congress gets around to approving new laws.

But the warnings are generally regarded as empty threats by the banking industry.

Mr. Conover had agreed to a moratorium on approvals while Congress was considering comprehensive legislation. Both the House and Senate versions would have closed the so-called nonbank loophole that allows establishment of operations throughout the country.

But the chairman of the House Banking Committee, Fernand St Germain, blocked the legislation, saying the House would never approve expanded banking powers in areas like insurance and securities sales.

"The need for that legislation was and is critical, not only for banks but also for the public that is being deprived of the benefits of a more competitive marketplace," Mr. Conover said.

The impasse leaves no choice but to go ahead, he said.

"Under existing law I feel compelled to begin deciding applications for nonbank banks," Mr. Conover declared. "Nonbank banks are clearly legal under present law."

A nonbank bank would appear to the customer to be just like any other bank. The fact that it did not make commercial loans would not prevent it from doing everything else a bank does.

COMPANY NOTES

Alsthom-Atlantique's capital rose to 616.47 million francs ($64.62 million) from 577.13 million francs following the issue of 786,637 new shares to accommodate shareholders who took their 1983 dividend of 15 francs per share in the form of new shares, the company said in a statement in Paris.

Ashton-Tate, a leading California microcomputer software publisher, announced the signing of a $10-million contract with a French-based distributor, La Commande Electronique, to distribute Ashton-Tate's software in France.

Consumers Power Co. of Jackson, Michigan, said a union that represents 4,500 of its employees has refused to accept contract concessions included in a $200-million austerity plan drawn up after the Midland nuclear plant was scrapped.

Disneyland union leaders said they would urge 1,800 workers on strike at the Anaheim, California, attraction to accept a new contract, which was reached after Walt Disney Productions offered a fresh proposal, but pickets will remain until the ratification vote.

Ducommun, Inc., a Los Angeles industrial supplier to high-technology industries, said it has completed the acquisition of MTI Systems, Corp., a New York technology company, for $6.2 million. MTI will become an operating division of the newly formed Ducommun Electronics group.

Federal Paper Board Co. said it is closing operations at its Piermont, New York, folding-carton facility, affecting 350 employees. In Montvale, New Jersey, a company spokesman said the closing is part of a plan to shift operations from the Northeast to the South and other areas.

GTE Corp. announced the offering of 1.3 million shares of convertible adjustable preferred stock, Series B, valued at around $65 million. The offering, announced in New York by Goldman Sachs & Co. and Paine Webber Inc., was increased from the original issue of 1 million shares. The CAPS has a stated value of $50 per share.

Midway Express, formerly Air Florida until its restart by Midway Airlines, Inc., has announced the launching of 28 daily flights to nine U.S. cities in the Northeast, Midwest and Southeast. Air Florida, a low-cost carrier, filed for court protection from creditors July 3 under Chapter 11 of federal bankruptcy laws.

Novo Industri, the Danish-based insulin and enzymes producer, said sales for 1984 would rise about 10 percent, less than the predicted 20 percent, partly because of reduced sales of starch enzymes and insulin to the United States.

Volvo North America Corp. said a preliminary count indicates that 6.5 million Hamilton Oil Corp. common shares have been tendered in response to Volvo's offer of $19.50 each for 4.7 million shares.

PPG Industries Inc. of Pittsburgh, makers of glass, coatings and resins, chemicals and fiberglass, announced that its third-quarter profit climbed 10 percent from a year earlier on a 12-percent sales gain. Net income rose to $76.7 million, or $1.10 a share, from $69.6 million, or $1 a share.

Oil-Price Cuts May Be Near

United Press International

LONDON — World oil prices showed signs of cracking Monday as the United Arab Emirates' oil minister called for a 40-cent-a-barrel cut in his country's official crude-oil prices and Norway offered discounts of $1 to $2 a barrel on its North Sea crude.

The UAE, which is a member of the Organization of Petroleum Exporting Countries, and Norway, which does not belong to OPEC, have had trouble selling their light crude at official government prices in recent months because of rising demand for heavier, cheaper oil.

Sheikh Mana Said al-Oteiba, the UAE oil minister, has urged the board of directors of Abu Dhabi National Oil Co. to approve the 40-cent reduction and an additional discount in the form of a 15 cent-a-barrel increase in the equity margin for foreign producers of the country's crude, the Middle East Economic Survey reported.

In Stavenger, Norway, sources said the Norwegian state oil company Statoil has offered to discount its crude by between $1 and $2 a barrel to shore up prices on the spot market, where oil sold to the highest bidder has been bringing about $2 less than the official North Sea price.

Mr. Oteiba, the chairman of OPEC's market-monitoring committee, had been expected to propose steeper discounts following an interview earlier this month in which he criticized OPEC for not sanctioning a price cut for hard-pressed producers of light crude.

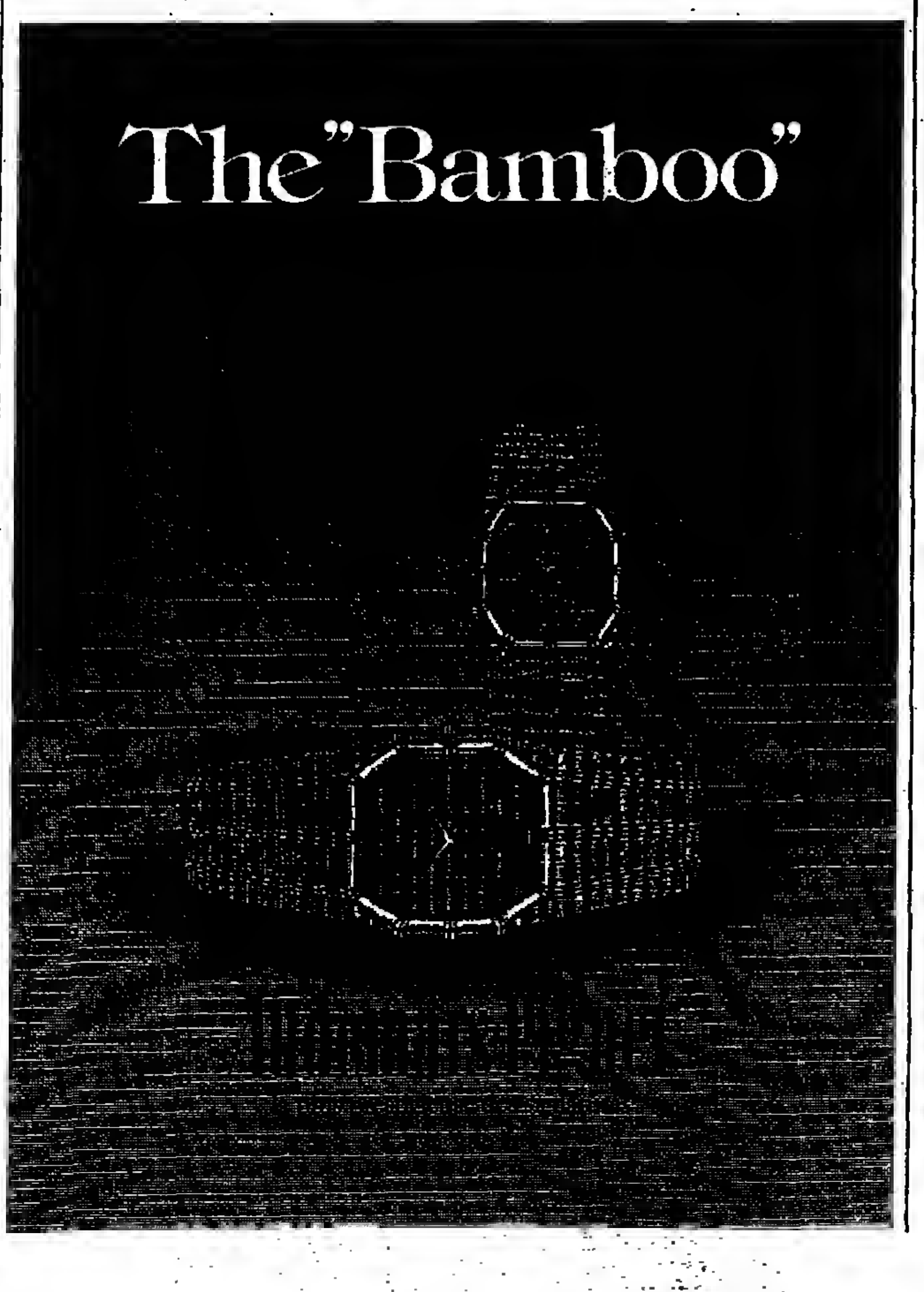
Output Declines 0.2% in U.K.

Reuters

LONDON — British industrial production fell 0.2 percent in August, the Central Statistical Office said Monday in a preliminary report.

At the same time, the Office revised July's production figure upward to 1.1 percent from 0.7 percent. The August figure was 2.6 percent lower than the level of a year earlier.

Meanwhile, the Department of Trade and Industry reported that the volume of retail sales rose by around 3 percent in September.



Monday's AMEX Closing

Vol. at 4 P.M. 6,070,000
Prev. 4 P.M. vol. 5,060,000

Tables include the nationwide prices up to the closing on Wall Street

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
		A								
7¼	3⅝	ADI n			16	209	1	6½	6⅝	— ⅜
13¾	8¼	ALLab n	.20	1.9	10	60	10½	10¼	10⅜	— ⅛
13⅞	12¼	AMC n	.12e	.9	13	44	13½	13⅛	13½	+ ⅛
3¼	3⅛	AM Intl wi				342	3¼	3⅛	3¼	
2¾	¼	ATI				41	⅜	⅜	⅜	— ⅛
70	58	ATT Fd n	4.60e	6.8		21	67¾	67½	67½	+ ⅛
7⅛	2⅛	AcmePr				13	7⅛	5¾	3⅝	
13½	6¾	AcmeU	.32	3.3	10	166	9⅞	6	5¾	— ⅞
19⅞	9⅝	Action			28	96	12⅝	12¼	12¼	— ⅜
9¼	5⅝	Acton				76	6	3⅞	5⅞	— ¼
4¼	2¼	AdmRs			4	7	3⅝	2⅞	2⅞	
25½	15⅞	AdRusl	.14	.7	16	8	19⅝	19½	19⅝	
34¼	13	Adobe	.24	1.3	13	63	19	18½	18¾	+ ¼
6½	3⅝	Aegis			13	5	4⅜	4⅜	4⅜	— ¼
5⅝	4	Aeronc			6	67	7⅜	7¼	7⅝	
25¾	15¾	AlliHsp	.44	2.1	8	4	20⅞	20¾	20¾	— ¼
9¾	9	AliExp			26	32	9¾	9⅝	9¾	+ ¼
5⅞	3⅝	Alamco			2	125	3½	3½	2⅞	— ⅜
14¾	8⅛	AlbaW	.20e	2.4	6	12	8¼	8⅛	8¼	+ ⅛
9¾	5¾	Alaha	.48r	6.9	1	10	7	6⅞	7	+ ⅜
23⅛	11⅞	Alphaln	.05	.4	16	118	13	12⅞	12¾	+ ¼
2¼	½	Altex				169	¾	¾	¾	— ⅛
34¾	28⅞	Alcoa pf	3.75	12.3		100z	30½	30½	30½	— ½
21½	11	AlzaCo			71	900	21¼	21	21⅛	+ ¼
20¼	9½	Amdahl	.20	1.8	13	158	11⅛	11⅜	11½	— ⅜
17¾	7⅜	Amedco	.08	1.1	9	147	7⅜	7¼	7½	— ⅜
6¾	4¾	AmBiltr	.15	2.4	9	52	6½	6¾	6¾	
28½	12¼	AExp wt				187	21⅞	21¾	21½	
8¼	7⅜	AFluc n			9	16	8	7¾	8	
12¼	6	AHlthM			8	64	9⅝	9¼	9⅞	
7⅞	4	Alsrael			1	12	5¾	5⅝	5¾	
19⅞	14¼	AMzs n	.52	2.8	8	23	18¼	17⅞	18¼	+ ⅜
5¼	½	AMBID v				123	¾	⅞	¾	+ ½
21¾	12½	AMotl s	.16	.8	13	21	21	20⅞	20⅞	— ⅞
10⅛	5¾	AmOil			23	7	6	9	6	
64¾	53	APetl	3.20	5.3	9	17	60¼	60⅛	60¼	+ ⅞
8½	1	AmPln v				25	1⅞	1⅜	1⅞	— ¼
17⅛	6⅞	APrec s	.22	1.4	31	31	15⅞	15½	15⅞	— ⅞
8½	6	AmRlty			7	6	5⅛	8½	8½	
8⅛	3	AScIE				42	3¾	3¾	3¾	
3⅞	1⅞	Ampal	.06	3.8	4	110	5⅛	2	2	
5⅝	3½	Andal			19	9	4⅞	4⅞	4⅞	
11⅝	4¼	AndJcb	.271	5.4		6	9	4⅞	9	
14⅞	8⅞	Angles n			9	16	10	6¾	9⅞	— ⅞
3⅛	1¼	Anglo v				8	1⅞	1¾	1⅞	
17	8⅞	Anthm s	.04	.4	11	69	11	10¾	11	+ ¼
9¼	5⅛	ArgoPt				28	6⅞	9	9	— ⅞
13¾	9⅞	Armtrn			8	2	5¾	9⅞	9¾	— ¼

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
48¼	35¾	WisP pf	4.50	11.5		20z	39	39	39	— ¼
5⅞	3½	WolfHB	.10e	2.8	17	13	3⅞	3⅞	3⅞	— ⅞
10⅞	8	Wdstrm	.40	4.9	33	10	8⅛	8⅛	8⅛	+ ⅞
7⅜	3½	WwdeE	.44f	10.4	17	65	4⅞	4¼	4¼	— ¼
17¼	7¾	WWde pf	1.80	13.2		8	14	13⅞	13⅞	— ⅛
15¼	11⅞	Wrath s				0	13½	13¼	13½	+ ½
7⅞	6½	WrstH p			19	16	5¾	5⅝	5⅞	— ½
		Y								
19	6¼	YankO			9	197	6⅞	6½	6¼	— ⅛
5⅞	4⅞	Yrdny n	.08	1.6	13	127	9½	9	5	— ¼
		Z								
18⅛	6¾	Zimer	.10	1.2	17	34	8½	8¼	8½	+ ⅜

AMEX Highs-Lows Oct. 15

NEW HIGHS 11

Alza Corp	AmBiltr n	Binks Mfg	viContAir pf
FurVault n	ImperOil A g	Leh Press	Lorimar
Sterl Extrdr	WstBrdgC	WherhseEnt s	

NEW LOWS 16

AcmeUnit	Amedco	Centent pf	ComoCon
CrownCrf	Damson pl	GTI Corp	Hiptronics
Holm Ind	LuriaSon	Oppenheim g	OrioleHme A
RooneyPcs n	Trans Lux	UnFoodsA	Vernitron

Over-the-Counter Oct. 15

NASDAQ National Market Prices

	Sales in 100s	High	Low	3 P.M.	Net Ch'ge
U					
USLICO 1.00 3.0	9	28¼	27⅞	27⅞	— ¼
Ultrsy .04e .3	427	17¼	18⅞	19⅞	+ ⅞
Ungmn	244	14	13	16	+1
UnHt	941	9¾	8⅝	8⅞	— ⅛
viUnioil	942	7⅜	2⅝	2⅝	— ⅛
UnPlntr .40 3.2	2	18½	10½	18½	— ¼
UnTrBc 2.08 4.5	9	44½	44¼	44¼	— ½
UACom .10 .4	207	27¾	27½	27½	— ¼
Z					
ZenLbB	95	17	16½	16⅞	
Zentec	13	4	3⅞	3⅞	— ¼
Ziegler .44a 3.8	39	11⅝	11¼	11⅝	
ZionUt 1.24 3.9	25	31½	31	31½	+ ½
Zitel	1	6½	6½	6½	
Zivad	12	11¼	11¼	11¼	— ¼
Zondvn .36 2.6	373	13⅞	13	13⅞	
Zymos	122	2⅞	2½	2¾	
Zytrex	31	3⅞	3½	3½	

Britain Frees Libyan Student

The Associated Press

LONDON — A Libyan student detained for questioning about three bombings in London in which 26 people were injured in March has been released without being charged, Scotland Yard announced Monday. A police spokesman said the unidentified Libyan was arrested in Birmingham, England, on Thursday, and was released Sunday.

Wang, an Office-Automation Pioneer, Is Slipping Behind in a Crowded Field

By Eric N. Berg
New York Times Service

LOWELL, Massachusetts — Five years ago, when personal computers started replacing word processors, Wang Laboratories Inc. knew it had to make a move. The word processors that had made Wang famous and became the darlings of the secretarial pool were being outdistanced by the more technologically advanced personal computers.

Its solution? Move out of the steno pool and into the executive suite with a new offering: office-automation systems for managers that would feature computers, text editors, electronic mail systems and graphics devices, all linked in a network enabling managers to summon and dispatch vast quantities of information with a single keystroke.

So far, however, this vision has not yet materialized, and Wang, which has bet its future on it, now faces the most serious threat in its 33-year history.

"At stake now is whether Wang truly can be a first-tier supplier of computer systems and communications devices," said William C. Kanupke, an analyst at Dataquest, a San Jose, California, research firm, "or whether it must resign itself to a second-tier position selling its traditional word-processing products."

Magnifying Wang's problems is the fact that now, just as the market for office automation has started to heat up, some giant companies have started to move into it. Having pioneered the office-automation market, Wang must now try to emerge as the market leader — or else, analysts say, lose pre-eminence in automation.

In the race to automate U.S. offices, the company that sets the standards will win not only immeasurable prestige but also a hold over a market that Wang says will grow to $300 billion by 1994.

"The next six months could be critical for Wang," said Patricia B. Seybold, a Boston-based office-automation expert and a former consultant for Wang. "They will definitely have to work harder for sales."

No company has been successful in selling the complete office of the future. But International Business Machines Corp. has indicated, through product introductions and announcements, that it wants to dominate the field. It has introduced office software for its Personal Computer and more is reportedly on the way.

In that race, experts say, Wang could easily get left in the dust. In fact, they add, the best Wang could do is take the No. 2 spot behind IBM. But other, bigger companies will be vying for that honor.

"The good news is that the office-automation market is still in its infancy and that Wang has a chance to be a big part of it," said Stephen K. Smith, a computer analyst at Paine Webber Inc. "But Wang must now live with stiffer competition."

Wang has moved aggressively to stake its claim. "What we're basically saying is that the long-term survivability of this company cannot just come from word processors but from communications and data processing," said Joseph F. Cunningham, Wang's president who is developing programs aimed at selling all three at once.

Its biggest push seems to be in communications. In the last 18 months, it has introduced a voice-data work station — a computer and telephone in one — in collaboration with Intecom Inc. of Allen, Texas. It has signed agreements with GTE, Mitel, Northern Telecom and AT&T enabling users of these companies' advanced phone switches to connect to Wang gear.

Wang has acquired a minority stake in U.S. Satellite Systems Inc. as part of a move to build a network for long-distance transmission.

"We have said that the distribution of information is as important to us as its creation and manipulation," said Samuel F. Gagliano, a Wang vice president for product marketing.

Wang is continuing its drive into more sophisticated products with a strong financial base. In the year ended June 30, Wang earned a record $210.2 million, up 38 percent from a year earlier, on revenues of $2.2 billion, which were up 42 percent from the year before. The company's sales have doubled since 1982.

But, to stay ahead, Wang must alter its customer base and market its products much more aggressively than in the past, experts say.

One problem, according to Mrs. Seybold, is that many new products are still being sold to old customers who use them for traditional word processing, and because word processors that only edit text are a dwindling market, a company known just for its word processors will soon grow obsolete.

Mrs. Seybold and others say that Wang must win new customers in more large corporations.

"Wang will live or die in these top echelons of the Fortune 1,000," said Matthew M. Meehan, an analyst at Salomon Brothers Inc. "They have got to go after those big accounts."

So far, however, Wang's record here has been mixed. Wang says minicomputer sales to management-information officers at the largest industrial concerns have not met expectations. In 1979, its minicomputer sales placed it No. 5 behind IBM, Digital Equipment, Data General Corp., and Hewlett-Packard in ratings by Dataquest, the research firm. But now Wang ranks sixth, behind Burroughs Corp. as well, Dataquest says.

In personal computers, Wang's entry, the Professional Computer, has been unable to differentiate itself from hundreds of similar products. Company executives say they are pleased with their machine's performance, but analysts say Professional Computer sales have fallen far short of Wang's expectations, and they blame management for the problem.

"They blew it," said Mrs. Seybold. "They allowed IBM PCs to proliferate in accounts that Wang already had control of."

Wang's Professional Computer and IBM's entry, the PC, were introduced at roughly the same time, but Wang neither made its machine in bulk nor marketed it aggressively, analysts say.

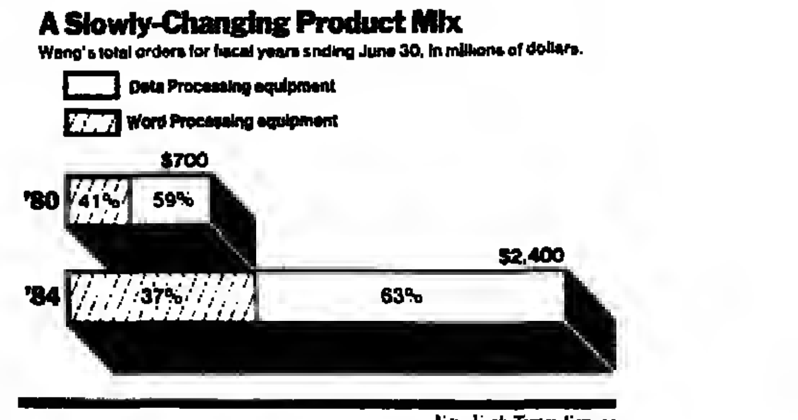
And critics say that many popular business programs did not run on the Wang device during its first months. The result, these analysts say, is that Wang has sold about 80,000 Professional Computers compared with the sale of 1 million IBM PCs.

And in perhaps the most telling example of Wang's struggle to market a complete office-automation package, sales of Wangnet, a local area network for linking Wang equipment, have amounted to less than $6 million since its introduction in 1981, according to Dataquest.

It appears that in networking, Wang misread the market. When it introduced Wangnet, Wang was a pioneer, but analysts say its system was too sophisticated for most users.

A Slowly-Changing Product Mix

Wang's total orders for fiscal years ending June 30, in millions of dollars.



New York Times Service

They say, in fact, that if anything, Wang can be faulted for being ahead of its time. Experts concede that part of the problem is buyer fear and inertia — from lack of understanding about the new office systems or from concern about paying vast sums of money to one vendor at once.

Mr. Cunningham has been the architect of Wang's strategy in pushing the office of the future. In fact, Mr. Cunningham, who succeeded the company's founder, An Wang, as president last year, has staked his reputation on shifting Wang more into computers. His success, some analysts say, could determine whether he becomes chairman of the company, a post still held by the 64-year-old Mr Wang.

Union Carbide Is Shifting Focus in Growth Strategy

(Continued from Page 15)

Haas will have record earnings also, with some restructuring and cost-cutting "and sticking to their knitting," Mr. Young said, by focusing on specialty chemicals and some commodities where it has a dominant position. Likewise, Celanese will show record earnings, he said, by staying with products with good low-cost positions.

Union Carbide is the third-largest U.S. chemical producer, after Du Pont Co. and Dow Chemical Co., and on Wall Street its earnings have been a disappointment. However, it is difficult to compare the three as they are in different markets, analysts said.

It was in 1978 that Union Carbide began to change course. For decades, its basic petrochemical business had been its bread and butter. But in the 1970s, the price of raw materials increased sharply and countries such as Saudi Arabia, with access to inexpensive petroleum feedstocks, began to build their own plants. Union Carbide suddenly had to face the prospect of overcapacity and reduced prices for the products.

As the recession deepened, Union Carbide's metals and carbon segment foundered as inventories grew for such products as graphite electrodes for steel-making. The company had to redirect its efforts to growth activities.

In the last few years, it has sold businesses worth $1.4 billion, including petrochemical plants in Sweden and Australia. In the metals segment, it reduced its dependence on steel.

Leonard Bogner, an analyst at First Manhattan, said he felt Union Carbide would have to liquidate its petrochemical assets further. "Their problems aren't going to go away for some time," he said.

The company also began licensing the technology that it takes to build complex chemical plants. Instead of holding onto these secrets, Union Carbide decided to make money by building plants and licensing its engineering expertise to developing nations such as Saudi Arabia as well as to competing companies in the industrialized world.

Analysts suggested that this strategy might backfire. "Their own licensees can come back and haunt them," Mr. Young said. He added that a new Nova Corp. plant in Canada using Union Carbide's Unipol process to make polyethylene "has just moved aggressively into the U.S. and is killing prices here."

Union Carbide, however, believes it had no alternative. The pricing of some key products has already started to drop in anticipation of the opening later this year and early next year of three chemical plants in Saudi Arabia, Mr. Flamm said. On the other hand, he added, the plants will be using Union Carbide technology "and we will make money on every pound of polyethylene sold."

The business of industrial gases, on which Union Carbide is pinning some of its hopes, is not affected by developments such as the Saudi plants, Mr. Flamm said. "When you put a plant in the industrial-gas business," he said, "it serves an economic radius of 200 miles and that's it."

The industrial-gas market is "remarkably broad-based," he added, noting that it serves everything from food businesses to electronics to fabricating. That diversity is expected to keep it strong.

As for consumer products, Mr. Flamm ticked off a list of items that are household words: "Our worldwide battery business, consisting of our Eveready and Energizer market, our Prestone and Simoniz market, our Glad, which is our plastic wrap, these are truly premier franchises."

He said Union Carbide was adding products in this segment and also seeking new products through acquisitions. "We continue to seek acquisitions for the three growth areas," he said, "something that adds value to them and relates to existing businesses. We don't want size for the sake of size. We are not, for example, out on the street looking for billion-dollar acquisitions at the moment."

Indications are that it is willing to go as high as $300 million for a company that it likes, however. Union Carbide recently offered that much for the Liquid Carbonic unit of Houston Natural Gas, but was outbid by Chicago Bridge & Iron.

Company Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated

United States

Aff. Bankshares

3rd Quar.	1984	1983
Net Inc.	5.45	5.33
Per Share	0.52	0.50
9 Months	1984	1983
Net Inc.	17.59	16.18
Per Share	1.64	1.51

Full name of company is Affiliated Bankshares/Colorado.

Allied Bncshrs

3rd Quar.	1984	1983
Net Inc.	30.3	26.8
Per Share	0.74	0.65
9 Months	1984	1983
Net Inc.	87.8	77.6
Per Share	2.14	1.90

Per share results adjusted for 5-for-4 stock split. 1983 results restated for pooled acquisitions.

Allied Corp

3rd Quar.	1984	1983
Revenue	2,400.	2,500.
Net Inc.	126.0	107.0
Per Share	1.30	1.01
9 Months	1984	1983
Revenue	8,200.	7,500.
Net Inc.	389.0	331.0
Per Share	4.06	3.39

1983 quarter net includes gain of $13 million from sale and a loss of $11 million from discontinued operations. 1983 net includes gain of $21 million from investment, gain of $39 million from accounting change, and a loss of $40 million from discontinued operations.

Archer Daniels

1st Quar.	1985	1984
Net Inc.	31.6	35.4
Per Share	0.33	0.39

1984 quarter net includes aftertax gain of $20.2 million from sale of securities. Net both periods adjusted to reflect 5% stock dividend.

Ball

3rd Quar.	1984	1983
Revenue	288.0	243.4
Net Inc.	14.8	13.6
Per Share	1.31	1.12

9 Months	1984	1983
Revenue	818.2	697.9
Net Inc.	36.8	30.9
Per Share	3.25	2.76

Baybanks

3rd Quar.	1984	1983
Net Inc.	9.74	8.58
Per Share	1.50	1.32
9 Months	1984	1983
Net Inc.	25.78	23.1
Per Share	3.97	3.54

Burling. Nrthn.

3rd Quar.	1984	1983
Revenue	2,430.	1,190.
Net Inc.	161.03	140.23
Per Share	1.90	1.85
9 Months	1984	1983
Revenue	6,970.	3,350.
Net Inc.	475.27	299.6
Per Share	5.60	3.93

Burroughs

3rd Quar.	1984	1983
Revenue	1,150.	1,030.
Net Inc.	50.2	38.6
Per Share	1.11	0.92
9 Months	1984	1983
Revenue	3,490.	3,080.
Net Inc.	150.5	115.5
Per Share	3.32	2.74

Cameron Ir Wks

1st Quar.	1985	1984
Revenue	133.5	139.3
Net Loss	2.23	6.81

Chse Manhattan

3rd Quar.	1984	1983
Net Inc.	93.01	108.22
Per Share	1.70	2.76
9 Months	1984	1983
Net Inc.	285.71	319.47
Per Share	6.44	8.10

Comerica

3rd Quar.	1984	1983
Net Inc.	14.52	13.32
Per Share	1.22	1.16
9 Months	1984	1983
Net Inc.	41.71	37.4
Per Share	3.52	3.46

1983 results adjusted retroactively for 5% stock dividend.

Cont. Telecom

3rd Quar.	1984	1983
Revenue	581.1	544.4
Net Inc.	46.0	44.0
Per Share	0.63	0.61
9 Months	1984	1983
Revenue	1,690.	1,570.
Net Inc.	138.2	125.2
Per Share	1.89	1.75

1983 results restated for pooled acquisitions.

Corning Glass

3rd Quar.	1984	1983
Revenue	500.1	479.1
Oper Net	15.1	22.4
Oper Share	0.71	1.06
9 Months	1984	1983
Revenue	1,320.	1,210.
Oper Net	74.4	75.9
Oper Share	3.52	3.60

1984 quarter net excludes tax credits of $2.5 million vs $9 million in 9-months. 1983 9-months net includes pretax gain of $22.2 million from sale of common stock. 1984 net both periods includes gain of $5.1 million from elimination of disc taxes. 1984 net both periods includes charge of $13.2 million.

Dana

3rd Quar.	1984	1983
Revenue	862.8	709.9
Oper Net	0.48	0.28
Oper Share	0.86	0.50
9 Months	1984	1983
Revenue	2,700.	2,070.
Oper Net	142.6	N.A.
Oper Share	2.53	1.31

1983 net both periods excludes gain of $3.7 million from debt-equity swap. Per shares adjusted for 3-for-2 stock split. 1983 9-months net includes gain of $6 million from retroactive tax adjustment.

First Chicago

3rd Quar.	1984	1983
Net Inc.	(a)71.8	49.1
Per Share	—	1.05
9 Months	1984	1983
Net Inc.	30.9	135.6
Per Share	0.16	2.92

a: loss.

(Continued on Page 16)

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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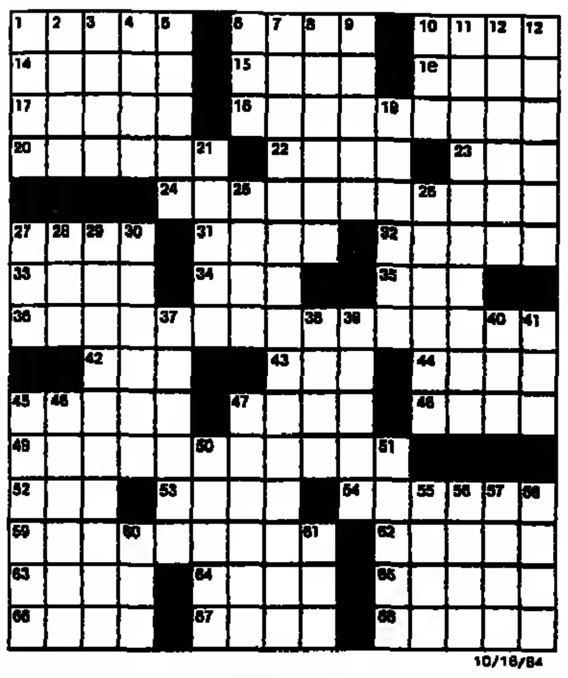
10/16/84

ACROSS

1 "Ulysses" author
6 Sashes for geishas
10 Beige
14 "That's —— you!"
15 Descartes
16 Meat cut
17 Settled
18 Advocates of land reform
20 Fourteen-line poem
22 A daughter of Eurytus
23 Baton Rouge col.
24 The Queen of Disco
27 Pith helmet
31 She wrote "Atlas Shrugged"
32 City in Idaho
33 Shortly
34 "—— Lay Dying," Faulkner novel
35 Coastal flier
36 Maude Frickert's creator
42 —— -la-la
43 Rummy variety
44 Location
45 Disgrace
47 Long mound
48 Invitation letters
49 Make a slight effort
52 "How —— love thee?"
53 —— off (begin)
54 Did some housework
59 Adds to
62 Memorable character actor
63 Break
64 Stoicism founder
65 Rub out
66 Tiller
67 Whirlpool
68 Titled women

DOWN

1 Chinese idol
2 Aware of the real meaning
3 Bear a lamb
4 Invent
5 Terminated
6 A feast —— famine
7 Alpha-omega combination
8 Sudden invasion
9 Closes
10 Yale alum
11 Diggers for anthracite
12 Washes lightly
13 Not certain
19 Type of sandwich
21 Pentateuch
25 Space org.
26 Short-barreled cannon
27 —— Mahal
28 Yoko
29 Arrogant; haughty
30 Unpromisingly stuck
37 Mexican dish
38 Hockey position
39 Signed
40 Abbr. before Msgr.
41 Fool
45 Somewhat aged
46 Quintuplets' family name
47 Slanted
50 Unravel, nautical style
51 Governed
55 Rail
56 London trolley
57 Gaelic
58 Sandra and Ruby
60 Speed letters
61 Chinese condiment

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DENNIS THE MENACE

"AND ANOTHER THING ABOUT SCHOOL IS THEY LEARN YOU HOW TO SPEAK GOODER ENGLISH."

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

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SUROC

MUJERP

DARAMA

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Vesterday's | Jumbles: FLOUR WHEEL OPIATE BECALM
Answer: What she did every time she washed her hair—BLEW HER TOP

WEATHER

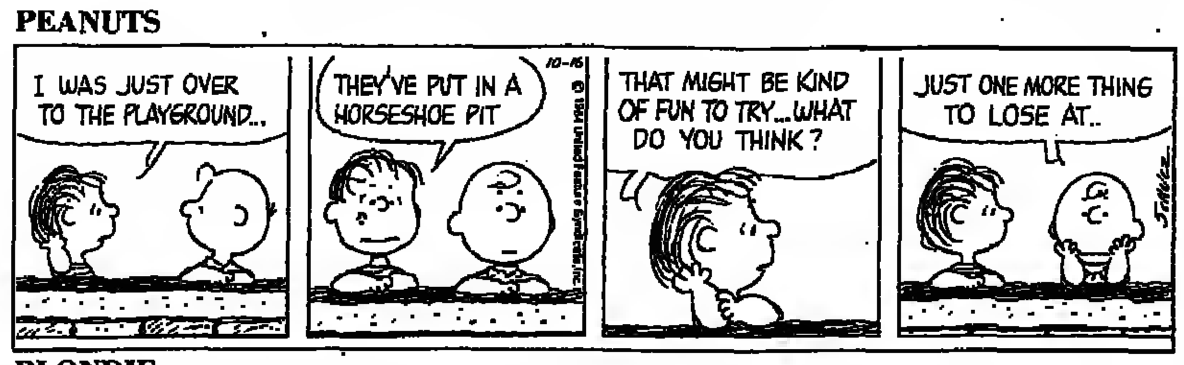
EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	24	75	18	64	fr
Amsterdam	17	63	13	55	o
Athens	26	79	15	59	fr
Barcelona	24	75	12	54	fr
Belgrade	19	66	15	59	cl
Berlin	15	59	12	54	cl
Brussels	15	59	9	48	cl
Bucharest	15	54	4	39	cl
Budapest	17	63	10	50	o
Copenhagen	14	57	9	48	fr
Costa Del Sol	22	72	15	59	fr
Dublin	19	66	10	50	fr
Edinburgh	18	64	12	54	cl
Florence	25	77	12	54	fr
Frankfurt	18	59	6	43	o
Geneva	13	55	7	45	cl
Helsinki	5	41	0	32	r
Istanbul	20	68	14	57	57
Las Palmas	30	86	21	70	fr
Lisbon	26	79	14	57	fr
London	19	64	7	45	o
Madrid	25	77	6	43	fr
Milan	21	70	10	50	fr
Moscow	4	39	1	34	o
Munich	14	57	4	39	o
Nice	22	72	15	59	fr
Oslo	15	59	1	34	fr
Paris	14	57	9	48	o
Prague	14	57	9	48	cl
Reykjavik	8	46	6	43	cl
Rome	25	77	16	61	fr
Stockholm	5	40	0	43	o
Strasbourg	18	64	4	39	cl
Venice	22	72	10	50	fr
Vienna	18	64	12	54	cl
Warsaw	12	54	5	46	cl
Zurich	11	52	6	43	o
MIDDLE EAST					
Ankara	10	54	14	57	fr
Beirut	28	82	23	73	fr
Damascus	32	90	12	54	fr
Jerusalem	27	81	15	59	cl
Tel Aviv	30	86	18	54	fr
OCEANIA					
Auckland	18	54	14	57	r
Sydney	21	70	15	57	cl

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	30	86	23	73	r
Beijing	22	72	10	50	o
Hong Kong	28	82	24	75	o
Manila	29	84	24	75	cl
New Delhi	32	90	17	63	fr
Seoul	23	73	11	52	cl
Shanghai	22	72	18	64	o
Singapore	30	86	26	77	cl
Taipei	28	82	23	73	cl
Tokyo	21	70	15	59	fr
AFRICA					
Algiers	24	75	18	59	cl
Cairo	31	88	20	68	fr
Cape Town	18	64	7	45	fr
Casablanca	25	77	12	54	fr
Harare	31	88	19	66	cl
Lagos	28	82	24	75	cl
Nairobi	27	81	13	55	cl
Tunis	24	75	12	54	fr
LATIN AMERICA					
Buenos Aires	—	—	—	—	na
Lima	23	73	16	61	o
Mexico City	26	79	12	54	pc
Rio de Janeiro	—	—	—	—	na
Sao Paulo	—	—	—	—	na
NORTH AMERICA					
Anchorage	6	43	—4	25	fr
Atlanta	28	82	16	61	cl
Boston	16	61	9	48	pc
Chicago	22	72	16	61	st
Denver	3	38	—3	26	sn
Detroit	20	68	12	54	sh
Honolulu	31	88	20	68	pc
Houston	29	84	18	54	pc
Los Angeles	24	75	15	59	fr
Miami	30	86	20	68	fr
Minneapolis	15	59	14	57	r
Montreal	10	64	7	45	fr
Nassau	28	82	19	66	pc
New York	20	68	12	54	pc
San Francisco	21	70	11	52	fr
Seattle	12	54	10	50	pc
Toronto	15	59	10	50	cl
Washington	24	75	14	57	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

TUESDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Foggy. Temp. 16—6 (61—43). LONDON: Foggy. Temp. 24—7 (75—45). MADRID: Fair. Temp. 24—7 (75—45). NEW YORK: Fair. Temp. 21—12 (70—54). PARIS: Foggy. Temp. 16—6 (61—43). ROME: Cloudy. Temp. 23—15 (73—59). TEL AVIV: Fair. Temp. 29—22 (84—72). ZURICH: Cloudy. Temp. 15—6 (59—43). BANGKOK: NA. HONG KONG: NA. MANILA: NA. SEOUL: NA. SINGAPORE: NA. TOKYO: NA.

PEANUTS



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BOOKS

AMERICA INSIDE OUT

By David Schoenbrun. 485 pp. $17.95. McGraw-Hill, 1221 Avenue of The Americas, New York, N.Y. 10020.

Reviewed by Pierre Salinger

THE craft of foreign correspondent has taken a certain allure with young people in the United States who see the job as glamorous, exciting and constant fun. The scores of letters I receive from young college students asking me how they can come abroad and become correspondents after they graduate are filled with illusion — illusion about the work and illusion about the ease with which they could acquire such a job. The realities are elsewhere. The work is not easy. And as you travel from couotry to country, each with its different language and culture, it is easy to plunge into terrible loneliness, cut off from your friends and family, and from your national roots. Still, if you acquire the necessary qualifications for being a foreign correspondent, it can be very rewarding. Down through the years, the U.S. news organizations have had some very talented correspoodeots abroad, and certainly on the top part of that list is David Schoenbrun, who for almost 15 years, reported from Paris for CBS.

Now he has produced a book, "America Inside Out," that should be required reading for these aspiring foreign correspondents, as well as anyone who is interested in a perceptive, inside look at the troubled Western world over almost a half-century. Schoenbrun started his career modestly as a teacher of French in New York, but quickly took on a part-time job monitoring foreign broadcasts for CBS. It was while doing this that he discovered that Nazi propaganda was being reproduced in editorials in the New York Daily News. The story he wrote on this subject in the newspaper PM was his real launching into journalism.

During World War II he worked in the Office of War Information and in the psychological warfare branch of the U.S. Army directly under General Dwight D. Eisenhower. It was while he was in North Africa with Eisenhower that Schoenbrun started making the kind of top-level contacts that are essential in the life of a foreign correspondent. It was there that he served as a kind of unofficial contact between the Americans and Charles de Gaulle, and it was there that he met Jean Monnet, one of the key figures in the search for a strong postwar Europe. When the war came to an end, Schoenbrun opted to stay in Paris and launch a career as a foreign correspondent. It was a good choice. In 1947, Edward R. Murrow offered him the job of Paris correspondent for CBS, which he filled for 15 years. They were golden years, but years of hard work. Schoenbrun came to dominate the Paris foreign journalists field and even today — more than 20 years after he left the post — he is still remembered in the French capital for his professionalism and the quality of his reporting.

But when ooe reaches that kind of prominence, there are also ethical problems. Schoenbrun relates a particularly interesting one which took place in the late 1950s. He was contacted by the French prime minister, Georges Bidault, and asked to pass a highly secret message to President Eisenhower. The French government needed a large loan from the United States, but politically it could not ask for it. The message was that the United States should initiate the loan as if it were its idea. Schoenbrun was initially shocked. He called it "the theater of the absurd." Schoenbruo reported the information to U.S. Ambassador Douglas Dillon, who was furious that the French had tried to go around him. But the oext morning, a calmer Dillon told Schoenbrun to write a letter to Eisenhower which would be sent on a top-secret wire. A week later, the U.S. government granted the loan. Schoenbrun wisely waited for the official announcement before reporting the story.

Schoenbrun's life changed dramatically in 1962 when he agreed to leave Paris and to go to Washington as a CBS correspondent. It was probably a critical mistake in his career. He did a remarkably good job in Washington, even got his own weekend show, but in the end he got caught up in network politics and was forced to leave CBS. Today, Schoenbrun lectures, writes books, and works for a small independent televisioo network.

The book is at its best when Schoenbrun is relating his own passionate life. It is less interesting when he tries to fill in the holes of history where he was not present. It is more ioteresting when he gives us fascinating glimpses of world figures like Ho Chi Minh, Jan Masaryk, David Ben Gurion, and Charles de Gaulle than when he blandly reports on the Johnson, Nixon, Carter and Reagan administrations. But the personal profiles and the many fascinating anecdotes make this an eminently readable book.

Pierre Salinger who reports from France for ABC News and is the author of numerous books, wrote this review for The Washington Post.

CHESS

By Robert Byrne

THE use of the isolated pawn attack can be seen in the game between the international masters Nick de Firmian of Oakland, Calif., and Sergey Kudrin of Stamford, Conn., in the last rouod of the United States Championship in Berkeley, Calif.

What began as an English Opening was soon altered. De Firmian's 7 P-QR3, by preventing a pin of the White QN with . . . B-N5, threatened to cramp the black position with 8 P-Q5. Kudrin therefore advanced 7 . . . P-Q4 and after 8 PxP, NxP the position displayed the characteristics of a Semi-Tarrasch Defense.

De Firmian's 9 B-N5ch had a usefully disruptive effect on Black's development. Normally it would be advisable for Black to occupy his QB3 square with a knight, but at this point, 9 . . . N-B3? would allow White to reinforce the pin powerfully with 10 N-K5. Thus, Kudrin was obliged to misplace his QB with 9 . . . B-B3, and de Firmian let it stay misplaced by retreating to a good diagonal with 10 B-Q3.

Nevertheless, the black defense was surely adequate up through de Firmian's 13 N-K4, Kudrio should oow have played 13 . . . N/4-B3, making it difficult for White to sustain any initiative, since 14 N/4-N5 is rebuffed by 14 . . . P-KR3.

Instead, he gave de Firmian a crucial tempo to get the attack off and running with 13 . . . N/2-B3?, which permitted 14 N-K5!, B-N2; 15 N-N5. Now, all 15 . . . P-KR3?! would accomplish is a weakening of the black king position after the smooth retreat with 16 N/N5-B3.

With 19 . . . N-K2, Kudrin was hoping to strengthen his king position by 20 . . . N-N3, but after 20 N-N4! that was oot possible. Thus, 20 . . . N-N3? would be shattered by 21 NxNch, PxN; 22 NxRP!, KxN; 23 Q-R5ch, K-N1; 24 BxN, PxB; 25 QxPch, K-R1; 26 R-K3!, BxNP!; 27 QxB, R-B2; 28 R-R3ch, R-R2; 29 RxRch, KxR; 30 R-B3!, with the decisive threat of 31 R-R3mate.

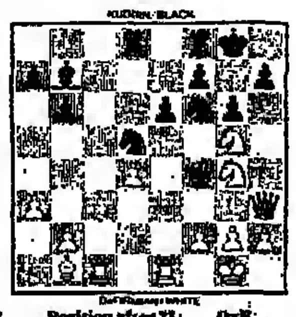
With 22 Q-R3, de Firmian's plan of attack was 23 B-R2, 24 BxN, 25 NxNch aod 26 QxPmate. Kudrin should have taken a deep breath and played 22 . . . P-KR4, but he tried 22 . . . B-B5? instead.

De Firmian promptly riddled the black king position with 23 BxB, QxB; 24 N-R6ch, K-N2; 25 N/6xP! In desperation — it was useless to play 25 . . . QR-K1; 26 Q-R6ch, K-N1; 27 BxP! — Kudrin offered his queen for two minor pieces with 25 . . . RxN.

De Firmian refused after 26 NxPch, K-N1, preferring 27 NxR for its maintaining neater control of the position.

After 28 R-K8ch, there could have followed 28 . . . R-B1; 29 RxRch, QxR (29 . . . KxR?; 30 N-K6ch); 30 QxN, QxN; 31 Q-K6ch, with Black the exchange and two pawns down in a hopeless position. Kudrin gave up.

KUDRIN/BLACK



DE FIRMIAN/WHITE

Position after 23 . . . QxB

ENGLISH OPENING

	White de Firmian	Black Kudrin		White de Firmian	Black Kudrin
1	N-KB3	N-KB3	15	N-N5	[illegible]
2	P-B4	P-B4	16	[illegible]	[illegible]
3	N-B3	P-QR3	17	[illegible]	[illegible]
4	P-K3	B-N2	18	[illegible]	[illegible]
5	P-Q4	PxP	19	[illegible]	N-K2
6	PxP	P-K3	20	N-N4	N/2-Q4
7	P-QR3	P-Q4	21	[illegible]	[illegible]
8	PxP	NxP	22	Q-R3	B-B5
9	B-N5ch	B-B3	23	BxB	QxB
10	B-Q3	N-Q2	24	N-R6ch	K-N2
11	O-O	B-K2	25	N/6xP	RxN
12	R-K1	O-O	26	NxPch	K-N1
13	N-K4	N/2-B3	27	NxR	N-KB5
14	N-K5	B-N2	28	R-K8ch	Resigns

Canadian Stock Markets Oct. 12

Prices in Canadian cents unless marked $

Toronto

[illegible]

Montreal

[illegible]

Amsterdam

	Close	Prev.
ABN	353.50	350
ACF Holding	188.50	188
Aegon	182	128
AKZO	97.70	97.40
AHold	191.20	190
AMEV	183	182
A'Dam Rub	6.10	6.15
Amrobank	66.70	65.30
BVG	215.50	211
Buehrmann T	66.30	66
Caland Hldg	32.90	32.40
Elsevier	109.20	108.40
Fokker	67.30	67.50
Gist Brocades	171	167.70
Heineken	141.30	140.20
Hoogovens	65.30	64
K.L.M.	40	40
Naarden	40	40
Nat. Nedder	239.50	238.50
Nedlloyd	155.20	154
Oce Vander G	269	262
Pakhoed	60.70	59.50
Philips	54.60	54
Robeco	67.80	67.10
Rodamco	135.10	134.90
Rolinco	64.60	64.10
Rorento	N.A.	215
Royal Dutch	175.20	175.20
Unilever	293.20	290.80
Van Ommer	29.70	28.20
VMF-Stork	132	132
VNU	190	189.70

Anp-Cbs Index: 179.50
Previous: 178.20

Brussels

Arbed	1,450	1,450
Bekaert	4,785	4,730
Cockerill	285	290
EBES	2,860	2,850
GB-Inno-BM	3,425	3,430
GBL	2,350	2,345
Gevaert	3,455	3,455
Hoboken	5,900	5,900
Kredietbank	7,500	7,500
Petrofina	7,830	7,880
Soc Generale	1,835	1,845
Sofina	7,370	7,340
Solvay	4,380	4,400
Traction Elec	4,105	4,110
V Montagne	5,440	5,420

Bourse: 362.84
Previous: 359.78

Frankfurt

	Close	Prev.
AEG	110.30	111.70
Allianz-Vers	1,055	1,030
BASF	165.80	164.10
Bayer	183.40	187.80
Bayer.Hypo.	294	295.50
Bayer.Ver.Bank	327	328.50
BMW	386	386
Commerzbank	166.90	166.20
Contigummi	126	124.60
Daimler-benz	591.80	590.50
Degussa	379	378
Deutsche Bank	370	368.10
Dresdner Bank	169.50	169.40
Dt.Babcock	160.50	158.90
Dub-schultthe	228	232
GHH	157.90	155.80
Hochtief	475	476
Hoechst	183.90	183.10
Hoesch	104.50	104.50
Holzmann	380	380
Horten	169	167
Kali U. Salz	242.30	239.50
Karstadt	236.30	236.50
Kaufhof	223	221.50
KHD	252.50	252
Kloeckner-werke	65.70	64.90
Krupp-huette	67.50	57
Linde	386	384.80
Lufthansa	158.50	153
M.A.N.	156	156
Mannesmann	156	154.70
Metallges	220.10	220
Muench.Rueck	1,005.1	1,005
Preussag	259.80	259
Ruetgerswke	364	365
RWE	163.50	164
Schering	401.80	400
Siemens	451.50	449.50
Thyssen	77.20	77.30
Varta	170	171
Veba	171	170.70
VEW	120	120
Volkswagen	188.30	184.20

Commerzbank Index: 1,078.90
Previous: 1,074.30

Hong Kong

Bk East Asia	19.70	19.60
Cheung Kong	8.15	7.90
China Light	14.20	14
Cross Harbor	9.50	9.50
Hang Seng	35.50	34.75
HK Elec	5.95	5.90
HK Hotels	20.60	20
HK Land	3.125	2.975
HK Shanghai	6.75	6.60
HK Tel	43	42
HK Wharf	3.95	3.875
Hutch Whampoa	12.90	12.60
Jardine Math	7.45	7.10
Jardine Sec	5.75	5.75
New World	3.675	3.60
Shaw Bros	18	17.50
SHK Props	6.95	6.70
Sime Darby	2.40	7.40
Stelux	N.Q.	1.02
Swire Pacific A	18.20	15
Wheel Mar	1.46	1.46
Wheelock	3.60	2.35
Winsor	4.40	4.40
World Int'l	2.175	N.T.

Hang Seng Index: 999.09
Previous: 983.14

Other Markets Oct. 15

Closing Prices in local currencies

Johannesburg

	Close	Prev.
AECI	755	755
Barlow	1050	1055
Blyvoor	1730	N.A.
Buffels	8075	N.A.
Elands	1370	1365
GFSA	2875	2800
Harmony	2025	2800
Kloof	7050	6975
Hedbank	1250	N.A.
Pst Steyn	7150	N.A.
Rustplat	1580	1565
SA Brews	500	610
St Helena	3875	3950
Sasol	493	495

Composite Stock Index: 974.50
Previous: 971.30

London

	Close	Prev.
AA Corp.	$13¾	$13½
Allied-Lyons	167	157
Anglo AM Gld	$94	$94
Babcock	141	140
Barclays	522	519
Bass	393	290
B.A.T	273	270
Beecham	348	343
BICC	230	230
B.L.	44	44
BOC Group	244	242
Boots	194	192
Bowater Indus.	170	170
BP	488	488
Brit Home St	236	235
BTR	487	492
Burmah	205	198
Cadbury Schw	141	139
Charter Cons	223	220
Coats Patons	132	130
Cons Gold	587	502
Courtaulds	137	133
Dalgety	444	442
De Beers	503	504
Distillers	286	286
Driefontein	$29⅝	$29⅝
Dunlop	33	33
Fisons	263	263
Free St. Ged	$31¼	$31½
GEC	228	226
GKN	171	171
Glaxo	965	965
Grand Met	296	294
Guinness	153	153
GUS	632	614
Hanson	251	252
Hawker	459	455
ICI	686	680
ICL	93	95
Imps	172	171
Lloyds Bank	499	499
Lonrho	155	153
Lucas	239	229
Marks & Sp	115	177
Metal Box	342	342
Midland Bank	354	357
Nat West Bank	547	549
Pilkington	308	303
Plessey	226	224
Racal Elect	254	252
Randfontein	$119½	$118½
Rank	252	252
Reed Int'l	474	476
Reuters	253	250
Royal Dutch	141.03	140.78
RTZ	614	591
Shell	656	658
Std Chartered Bk	487	487
Tate & Lyle	408	405
Tesco	193	193
Thorn Emi	434	424
T.I. Group	196	196
Trafalgar	314	311
Trust Hse Forte	122	122
Ultramar	238	238
Unilever	1055	1045
United Biscuits	158	157
Vickers	182	182
W. Deep	$42¼	$42¾
W. Holding	536	536½
War Loan 3½	£36⅞	£36⅞
Woolworth	540	526
ZCI	15⅝	16

F.T. 30 Index: 881.40
Previous: 874.90

Milan

Banca Comm	15,900	16,100
Bastogi	105.25	115
Centrale	1,940	1,900
Cred Ital	1,850	1,840
Fiat	1,730	1,720
Finsider	54.75	53
Generali	30,000	30,600
IFI	4,430	4,480
Italcementi	52,350	52,800
Mediobanca	59,800	59,600
Montedison	1,177	1,774
Olivetti	5,910	6,030
Pirelli	2,990	2,990
Rinascente	455.50	461
Snia	1,819	1,809
Standa	6,415	6,380

BCI Index: 210.28
Previous: 211.50

Paris

	Close	Prev
Air Liquide	543	541
Alsthom Atl	186	185.40
Av Dassault	777	770
Bancaire	568	569
BIC	516	514
Bouygues	635	637
BSN	2,591	2,599
Carrefour	1,487	1,471
Club Med.	1,063	1,056
Coflmeg	220.90	220
Dumez	688	694
Elf aquitaine	250	251
Europe 1	785	791
Gen. Eaux	558	548
Hachette	1,738	1,725
Imetal	84.10	88
Lafarge-Cop	376	371
Legrand	1,980	2,005
L'Oreal	2,560	2,585
Matra	1,752	1,750
Michelin	870	879
MM Pennar	65.90	67
Moet-Hennessy	1,820	1,829
Moulinex	98	99.10
Nord-Est	59.80	61.05
Occidentale	674	679
Pernod-Ric	751	758
Petroles (Fse)	218.20	218
Peugeot	211.30	511
Poclain	54.20	54.20
Printemps	172	170
Radiotech	230	232
Redoute	1,170	1,185
Roussel-Uclaf	1,710	1,710
Skis Rossignol	1,705	1,710
Sour Perrier	517	524
Telemecanique	1,857	1,830
Thomson-CSF	390	394
Valeo	242	239

Agefi Index: 188.07
Previous: 188.46
CAC Index: 151.40
Previous: 101.30

Singapore

Boustead	1.96	1.94
Cold Storage	3.04	3.04
DBS	6.60	6.70
Fraser Neave	5.50	5.45
How Par	2.12	2.11
Inchcape	2.52	2.48
Keppel Ship	1.94	1.93
Mal Banking	8.45	8.45
OCBC	9.35	9.35
OUB	2.98	2.98
Semb Shipyard	1.83	1.82
Sime Darby	1.95	1.95
S Steamship	1.34	1.32
St Trading	4.98	4.98
UOB	4.54	4.42

Fraser Ind. Index: 4,715.07
Previous: 4,725.35

Stockholm

AGA	347	348
Alfa Laval	178	178
Asea	355	365
Astra	375	375
Atlas Copco	154	102
Boliden	176	180
Electrolux	240	239
Ericsson	342	341
Esselte	385	386
Handelsbanken	172	172
Pharmacia	205	205
Saab-Scania	480	480
Sandvik	390	390
Skanska	91.0	90.0
SKF	162	161
Swedish Match	242	247
Volvo	241	238

Affarsvarlden Index: 487.30
Previous: 487.15

Sydney

ACI	195	193
ANI	255	254
ANZ	485	480
BHP	1030	1020
Boral	322	330
Bougainville	178	170
Brambles	348	355
Coles	412	412
Comalco	225	215
CRA	500	490
CSR	307	306
Dunlop	154	184
Elders Ixl	443	444
EZ Ind	N.Q.	—
Hooker	172	172
Magellan	235	238
MIM	292	285
Myer	183	183
Oakbridge	82	82
Peko	514	518
Poseidon	330	325
RGC	275	273
Santos	686	680
Sleigh	147	143
Southland	26	26
Woodside	125	125
Wormald	295	294

All Ordinaries Index: 753.18
Previous: 749.10

Tokyo

Akai	548	538
Asahi Chem	550	548
Asahi Glass	854	838
Bank Of Tokyo	463	464
Bridgestone	570	565
Canon	1,610	1,570
D Nippon Print	1,040	1,010
Daiwa House	513	506
Fuji Bank	1,000	1,000
Fuji Photo	1,710	1,660
Fujitsu	1,440	1,390
Hitachi	871	850
Honda	1,300	1,280
IHI	145	145
Itoh	280	278
JAL	4,300	4,230
Kajima	268	270
Kansai Elec Pwr	1,090	1,080
Kao Soap	815	790
Kaw Steel	148	146
Kirin	530	525
Komatsu	457	457
Kubota	325	325
Matsu Elec Inds	1,420	1,410
Matsu Elec Works	635	628
Mitsub Bank	1,300	975
Mitsub Chem	307	307
Mitsub Elec	427	415
Mitsub Heavy	224	225
Mitsubishi	[illegible]	[illegible]
Mitsui	323	325
Mitsukoshi	345	353
Mitsumi	N.Q.	1,300
NEC	1,300	1,250
Nikko Sec	515	525
Nippon Steel	145	144
Nippon Yusen	219	228
Nissan	600	602
Nomura Sec	745	715
Olympus	1,110	1,080
Ricoh	1,000	955
Sharp	1,150	1,118
Sony	3,870	3,790
Sumi Bank	1,100	1,100
Sumi Chem	216	214
Sumi Metal	147	146
Taisei	192	184
Taisho	788	778
Takeda	826	817
Teijin	406	404
Tk Marine	638	614
Tk Power	1,130	1,130
Toray	422	422
Toshiba	453	441
Toyota	1,370	1,340
Yamaichi Sec	535	538

New Index: 836.75
Previous: 838.70
Nikkei-DJ Index: 10,780.18
Previous: 10,604.98

Zurich

Bank Leu; Brown Boveri; Ciba-Geigy; Credit Suisse; Elektrowatt; Georg Fischer; Jacobs Suchard; Jelmoli; Landis Gyr; Nestle; Oerlikon-Buehrle; Roche Baby; Sandoz; Schindler; Sulzer; Swiss Bank Corp; Swissair; Union Bank; Winterthur; Zurich Ins [prices illegible]

SBC Index: 388.90
Previous: 388.40

N.Q.: not quoted; N.A.: not available; xd: ex-dividend.

Canadian Indexes Oct. 15

	Noon	Previous
Montreal	111.76	111.13
Toronto	2,397.20	2,386.70

Montreal: Stock Exchange Industrials Index. Toronto: TSE 300 Index.

Solution to Previous Puzzle

S	C	A	R	■	S	C	O	F	F	■	C	R	E	W
L	A	O	E	■	N	O	S	E	L	■	H	A	L	O
I	S	U	P	■	A	N	E	T	O	■	A	G	I	O
D	U	L	L	A	R	D	■	C	R	A	N	I	A	L
E	S	T	A	B	L	I	S	H	I	N	G	■	■	■
■	■	■	C	E	S	T	A	■	A	G	E	N	T	S
T	O	L	E	T	■	I	N	A	N	E	■	E	A	T
A	L	A	S	■	■	■	O	D	D	■	■	M	A	T	A
M	A	I	■	A	N	N	A	M	■	M	A	L	A	Y
E	N	C	A	S	E	■	L	I	M	I	T	■	■	■
■	■	■	D	I	S	A	S	S	O	C	I	A	T	E
F	O	R	M	A	T	S	■	S	T	E	N	C	I	L
A	L	U	I	■	L	O	U	I	E	■	E	T	A	L
W	E	I	R	■	E	N	R	O	L	■	E	U	R	E
N	O	N	E	■	R	E	I	N	S	■	S	P	A	N

10/16/84

SPORTS

United Press International

Kirk Gibson — Not so ornery after his second home run of Game 5.

Tigers Win World Series in 5 Games

By Ross Newhan
Los Angeles Times Service

DETROIT — Sparky Andersoo sat behind his desk, puffed on a pipe and said his Tigers had only confirmed what people should already have known, that they are the best of 1984. He said their dynastic potential, their place in history, will be tested by what they do in the future.

"Vince Lombardi said any blind squirrel can find an acorn once," Anderson remarked, quoting the late great football coach. "Now let's see how often we can do it."

The Tigers, who had started the year with nine straight victories en route to 35 in their first 40 games, ended it by winning the 81st World Series in five games, beating the San Diego Padres on Sunday, 8-4. They finished with an overall record of 111-59.

It was an interesting finale to an otherwise dull Series in which the San Diego pitching rotation, averaging just over two innings per start, fashioned an unfashionable Earned Run Average of 13.94, the poorest in World Series history.

Mark Thurmond saved the worst for last, making 15 pitches while facing only six batters as Sunday's starter. The Tigers scored three runs in the first, snapped a 3-3 tie against Andy Hawkins in the fifth, then popped the corks with four runs against Goose Gossage as the crowd chanted and sang, "Goose Busters."

Alan Trammell, the Tiger shortstop who may now have surgery oo his left knee and right shoulder, won a sports car as the World Series Most Valuable Player (he was 9 for 20 with 6 RBIs), but Sunday's star was Kirk Gibson.

Capping the year of his emergence as the star he had frequently been predicted to be, the former Michigan State wide receiver drove in five runs and scored three.

The blow that buried the Padres came in the eighth when Gibson hammered a three-run homer off Gossage, who had just talked his manager, Dick Williams, out of walking Gibson intentionally. Gibson, who still carries the energies and emotions normally seen on the gridiron, shook his right arm exultantly as he circled the bases, blew a kiss in the manner of San Diego's Kurt Bevacqua, then jumped off the ground to deliver truly high-fives to his ecstatic teammates.

Gibson earlier rifled a two-run homer off Thurmond in the first and singled in the fifth, after which he took second on a fly to left and third on a pair of ensuing walks. He scored on a daring dash for home after Rusty Kuntz's pop-up in shallow right.

The Padre right fielder, Tony Gwynn, lost the ball in the gray twilight, and second baseman Alan Wiggins was forced to make a back-pedaling catch. Gibson broke from third, and Wiggins lost his fonting as he attempted to make an off-balance throw. The ball dribbled to the plate as Gibson broke the 3-3 tie.

It was the first run off Hawkins in his 15⅓ postseason innings but not the last off a San Diego bullpen that had been spectacular in relief of the inept starters, who allowed 48 hits and 32 earned runs in the 31⅔ innings of 10 postseason games.

The frequent Detroit leads left Gossage a mere spectator. The Goose made only his second World Series appearance in the seventh after left-hander Craig Lefferts had struck out Gibson to open the ioniog. Lance Parrish then hammered Gossage's second pitch into the left-field seats for a 5-3 lead.

Bevacqua, who hit only one regular season homer, hit his second of the Series off Willie Hernandez in the eighth to make it 5-4, setting up a pivotal decision by Gossage and Williams.

Marty Castillo walked to open the home eighth. Lou Whitaker put down a sacrifice bunt. Graig Nettles fielded it and threw to second, where a surprised Garry Templeton caught it off the bag as Castillo slid in safely. Templeton later accepted the blame, saying he did not get into position in time, but Castillo may have beaten even flawless execution. Trammell's ensuing sacrifice advanced Castillo and Whitaker, leaving first base open as Gibson came to the plate.

Williams signaled Gossage to throw four balls, then turned to talk to coach Harry Dunlop. He turned back to find Gossage waving for him to come to the mound.

"I didn't want to walk him because I've had good success against him in the past," Gossage said of Gibson. "I thought that if I got behind [on the count] I could still walk him. The man beat me. I got a fastball up and he beat me. I'm sick about it. I can't help but feel like the goat."

Said Williams: "If there's blame iovolved, it's mine. I should have said, 'I don't care what success you've had against him, I want him walked.' Sure I second-guess myself. I had made a decision and changed it. I'm the manager, it's my responsibility."

Gossage's first pitch was a ball, then Gibson connected, responding to his own challenge while winning $10 from his manager.

"I definitely thought they'd pitcb to me because I really haven't done well against Goose in the past," Gibson said. "Sparky held up four fingers, meaning he thought they'd walk me, and I held up all 10, meaning I'd bet him $10 that they wouldn't and that I'd hit a bome run."

Hernandez, who cooverted 32 of 33 save ehances during the season, now had a four-run lead as be went out to pitch the ninth, ultimately emerging with his second save of the World Series. Aurelio Lopez had set it up, retiring the seven hitters he faced (four on strikeouts) after the Padres had come back from 0-3 with a run in the third and two in the fourth, all against Dan Petry.

An 18-game winner during the season, Petry made two poor starts in the World Series, allowing 14 hits and eight runs in eight innings, the kind of numbers associated with the San Diego starters.

"I can't explain it," Williams said, alluding to his rotation, "but I don't think we lost the Series because of our starting pitchers. I've got to give the opposing hitters credit. I mean, the best club in baseball won. There's no way I can say we're better than Detroit, but we're coming."

San Diego clearly missed Kevin McReynolds, sidelined by a broken wrist. Bobby Brown took his place in center field and went 1 for 15.

The Tigers emerged with their fourth world title and first since 1968. It was the third for Anderson, who managed Cincinnati to World Series victories in 1975 and 1976 and has now become the first manager to do it in each league.

Now 50 and having fulfilled a commitment here by producing a winner in five years, Anderson refused to gloat at cynics who considered the Tiger season a fluke, an aberration stemming from 35-5.

"This team has as much character as any I've had," he said. "None of these players had ever been in the playoffs or Series before. If it doesn't improve you can blame me. It has to get better or I'm a bad manager. I'm saying that what we did this year doesn't mean a thing unless we do it again next year. The Reds were a great team because they did it more than once. Longevity is the proof."

The Associated Press

Willie Hernandez, the Tiger relief ace, hugging catcher Lance Parrish after the final out of the 1984 World Series. Running up to join them is first-baseman Dave Bergman.

Players and Fans in Detroit Soak Up 'The Moment'

By John Feinstein
Washington Post Service

DETROIT — Darrell Evans was blinking back tears, most of them caused by champagne, but his voice quavered as he stood in the middle of the joyous Detroit Tiger locker room Sunday night soaking in The Moment, the one be had waited 17 years to enjoy.

He had praised everyone on the Tigers, everyone in the city of Detroit, almost everyone in the state of Michigan. Finally, someone asked him if it felt like he had thought it would.

"You can't just instantaneously and spontaneously be happy, be overjoyed," he said. "It doesn't hit you all at once. The first thing you want to do is thank people. Then, you remember some of the little disappointments. Suddenly, they don't seem quite so important.

"For the fans it's different. They can just celebrate and party. I love it, the whole thing."

The fans certainly did celebrate. They began in the seventh inning after Lance Parrish's home run off Goose Gossage gave the Tigers a 5-3 lead. They sang and stomped and hugged and screamed and turned Tiger Stadium into a rollicking madhouse even before the Tigers' 8-4 victory had made them World Champions.

When it was over, they stormed the field, tore up the sacred turf and then headed for the streets to run amok.

Unfortunately, violence has now become a requisite part of most championship celebrations. Sunday night, as the crowd grew at the corner of Michigan and Trumbull, the potential for trouble also grew. Shortly after 9 P.M. it became a reality when fans smashed four police cars and turned another one over and set it on fire. The police car burned and exploded, and the crowd had moved back when the explosion occurred.

Police finally forced the crowd back far enough so firetrucks could get through. Even with the smoke and fire, the reveling continued with police on horseback and in riot gear attempting to disperse the crowd.

Ninety minutes after the game was over, most of the Tigers were still in the clubbouse and in uniform, not even attempting to leave the ballpark.

"You think you have a great team, you believe you have a great team but until yno win the World Series, you haven't proved a thing to the rest of the world," said Jack Morris, who pitched complete-game victories in the first and fourth games. "I think we all just want to savor this for a while."

Several bundred feet away, in the small Padre locker room, there were no cigars, no champagne and no tears. Gossage, Sunday's goat because of gopher balls to Parrish and Kirk Gibson, looked up at onrushing reporters and snarled, "Well, what the bell do you want? You just gonna stand there and look at me, or what?"

Suddenly, his face softened. He put down his beer, folded his arms and answered every question, repeating some answers several times.

"Gibson's was my fault because I talked Dick out of walking him," Gossage said. "I thought I popped a fastball but he popped it harder. I thought I could get him not."

Gossage stopped and chuckled softly. "Guess I was wrong."

Some of the Padres circled the room shaking hands. Steve Garvey, patient as ever, stood at his locker talking about the great future he believes his team has. Alan Wiggins and Tony Gwynn sat side-by-side discussing the fifth inning pop-up that Gwynn lost and Wiggins caught running away from the plate, allowing Gibson to score the run that put the Tigers ahead for good.

"We had a great season," Graig Nettles said. "Let's just go home."

"I feel for our starting pitchers," Garvey was saying. "I guess they'll probably bear the brunt of the blame most of the winter."

Winoers do not have to worry about blame. And in the din of the Tiger clubhouse, all the anguish that had come before, the little disappointments, as Evans put it, were forgotten.

Morris, who quarreled with his teammates during the summer, talked about the lessons be had learned. Gibson, whose teammates call him, "Ornery Kirk," just soaked in the glory. Parrish, so exhausted that he was still wearing his shin guards a full hour after the game — "I'm too tired to take them off," be said — poured champagne down Trammell's shirt. Anderson sat in his office, holding court one last time, and talked about how much it meant to him to be the first man to manage World Series champions in botb leagues.

In one corner of the room, Carl Yastrzemski, one year out of baseball and now a part-time TV man for a Boston station, encountered Rnppert Jones, the journeyman outfielder who joined the Tigers from the minor leagues in June.

Yastrzemski offered congratulations. "This is the greatest feeling I've ever had," Jones said. "You know how it feels, Carl."

Yastrzemski shook his head. "No I don't, Rupe," he said. "I only finished second." He smiled. "Soak in every minute," he said to Jones.

Evans just kept buggiog people. He is 37, a man who played good baseball with bad teams all his career until the Tigers signed *him as a free agent this year to provide a final* piece in their puzzle after they won 92 games last year.

"When Kirk hit the home run, we all knew it was over," he said. "That swing will be a freeze frame in my mind the rest of my life. We all felt like we'd all hit it together.

"It gave us a chance to savor it all in the ninth inning because we had the cushion. If I had never won, well, who knows what I would have thought. Now, I can enjoy this all winter, all year, forever.

"And I know, no matter what else happens in my life I can look at the ring and know I was part of something special. That will give me joy, great joy."

His eyes glistened a little. Outside, the police sirens screamed. Another baseball season was over.

Tiger Owner Unloads Pizza On Newsmen

Compiled by Our Staff From Dispatches

DETROIT — Tom Monaghan, the pizza magnate who owns the Detroit Tigers, delivered two helicopter loads of his Domino's Pizza to reporters about 45 minutes after the Tigers won the World Series.

Monaghan's private helicopter landed near second base at Tiger Stadium to deliver more than 200 pizzas. "Gentlemen," a voice on the pressbox loudspeaker told more than 850 writers and broadcasters, "dinner *is served.*"

"I'm out of my mind," said Monaghan, a lifelong Tiger fan who bought the club from John Fetzer a year ago. "I don't how long it's going to take for all of *this* to sink in.

"I feel bad about people giving me credit. The only credit I deserve is talking Mr. Fetzer into selling the team. I worked very hard on my presentation, but I don't deserve any credit for this scene."

In keeping with the chain's widely advertised policy, the pizzas were free — because they took more than 30 minutes to deliver. *(AP, UPI)*

Rookie Takes Spotlight As Oilers Top Nordiques

United Press International

EDMONTON — Gord Sherven, a rookie, scored three goals Sunday to take the spotlight away from Wayne Gretzky, who scored his first goal of the season and added three assists, as the defending Stanley Cup champion Edmonton Oilers thumped the Quebec Nordiques, 9-2.

NHL FOCUS

"He definitely played exceptional hockey and deserved his first star," Gretzky said of Sherven. "It's kind of an Oiler trait that anybody who comes in is taught to go to the net and Gordie does that well."

Elsewhere in the NHL, Boston topped Hartford, 4-2; Buffalo downed Detroit, 6-4; Minnesota defeated New York, 3-1; Winnipeg beat Torooto, 5-2; Washiogton stopped Chicago, 5-3; Calgary defeated Vancouver, 7-5, and St. Louis clipped Los Angeles, 5-2.

Sherven, wbo scored twice in a span of 13 seconds in the first period, completed his bat trick with a tremendous 20-font blast past Richard Sevigny's glove at 12:49 of the final period.

Sherven, a 21-year-old center from Saskatchewan, who joined the Oilers after playing with Canada's Olympic team, scored once in two games with Edmonton last season.

The loss left the Nordiques 1-2 after back-to-back routs. The Calgary Flames prevailed Saturday, 7-2.

"We've got to get our act together and smarten up," said Quebec defenseman Pat Price. "We've got to get serious. This is not a country club. We came bere and just folded our tent. It's embarrassing."

Green Wins by 6 In Southern Golf

The Associated Press

COLUMBUS, Georgia — Hubert Green shot an error-free 3-under-par 67 Sunday to win the Southern Open golf tournament by six strokes.

Green, who had not won on the tour since 1981, carded a birdie on the opening hole Sunday and never was in danger of losing the first prize of $54,000.

He wound up with 265, 15-under-par. Scott Hoch, who trailed Green by three entering the final round, tied for second at 271 with Corey Pavin and Rex Caldwell.

SCOREBOARD

Football

NFL Standings

AMERICAN CONFERENCE

	W	L	T	Pct.	PF	PA
East						
Miami	7	0	0	1.000	223	93
New England	5	2	0	.714	141	145
N.Y. Jets	5	2	0	.714	173	150
Indianapolis	2	5	0	.286	134	190
Buffalo	0	7	0	.000	129	196
Central						
Pittsburgh	4	2	0	.571	149	153
Cincinnati	1	4	0	.143	120	175
Cleveland	1	4	0	.143	93	138
Houston	0	7	0	.000	82	200
West						
L.A. Raiders	4	1	0	.857	171	121
Denver	5	1	0	.833	106	78
Seattle	5	2	0	.715	190	132
Kansas City	4	2	0	.571	141	128
San Diego	4	2	0	.571	194	174

NATIONAL CONFERENCE

	W	L	T	Pct.	PF	PA
East						
Washington	5	2	0	.714	193	117
Dallas	4	2	0	.571	127	143
N.Y. Giants	4	3	0	.571	128	149
St. Louis	4	3	0	.571	215	175
Philadelphia	3	4	0	.429	115	133
Central						
Chicago	4	3	0	.571	134	127
Tampa Bay	3	4	0	.429	130	156
Detroit	2	5	0	.286	143	166
Minnesota	2	5	0	.286	149	187
Green Bay	1	5	0	.167	99	144
West						
San Francisco	4	1	0	.857	180	122
L.A. Rams	4	3	0	.571	160	127
Atlanta	3	4	0	.429	164	153
New Orleans	3	4	0	.429	143	151

Sunday's Results

Miami 28, Houston 10
New York Giants 19, Atlanta 7
New York Jets 24, Cleveland 20
Detroit 13, Tampa Bay 7, OT
Los Angeles Rams 28, New Orleans 10
Philadelphia 16, Indianapolis 7
St. Louis 38, Chicago 21
New England 20, Cincinnati 14
Kansas City 21, San Diego 13
Washington 34, Dallas 15
Pittsburgh 20, San Francisco 17
L.A. Raiders 23, Minnesota 20
Seattle 31, Buffalo 28

Monday's Game

Green Bay at Denver

CFL Standings

	W	L	T	PF	PA	Pts
Eastern Division						
Toronto	8	5	1	425	322	17
Montreal	5	8	1	343	363	11
Hamilton	4	9	1	308	405	9
Ottawa	4	10	0	316	458	8
Western Division						
Brit Clmb	10	3	1	384	265	21
Winnipeg	10	2	1	490	278	21
Edmonton	8	5	0	401	406	14
Saskatchwn	6	8	1	341	427	13
Calgary	6	9	0	381	384	12

Sunday's Results

Calgary 26, Toronto 24
Hamilton 31, Saskatchewan 8

Hockey

NHL Standings

WALES CONFERENCE

	W	L	T	Pts	GF	GA
Patrick Division						
Philadelphia	1	0	1	3	6	4
Washington	1	1	1	3	9	9
New Jersey	1	1	0	2	8	6
NY Isles	1	1	0	2	9	13
NY Rangers	0	2	1	1	4	10
Pittsburgh	0	2	0	0	6	8
Adams Division						
Boston	2	1	0	4	10	8
Buffalo	2	1	0	4	13	11
Hartford	1	1	1	3	9	10
Montreal	1	1	0	2	7	7
Quebec	1	2	0	2	9	10

CAMPBELL CONFERENCE

	W	L	T	Pts	GF	GA
Norris Division						
Minnesota	2	1	0	4	5	3
Toronto	2	1	0	4	7	8
Chicago	1	2	0	2	14	15
Detroit	1	2	0	2	11	14
St. Louis	2	1	0	4	10	9
Smythe Division						
Edmonton	2	0	1	5	16	5
Calgary	2	1	0	4	15	11
Vancouver	1	2	0	2	13	17
Winnipeg	1	0	0	2	5	2
Los Angeles	0	2	1	1	9	13

SUNDAY'S RESULTS

Washington 2 2 1—5
Chicago 1 1 1—3
Haworth 1 (2), Gartner 1 (2), McGeough 1, Carpenter 1 (2), Gould 1; Gardner 1 (3), Secord 1, Olczyk 1 (2). Goalies: Riggin; Bonnerman. Shots on Goal: Washington (on Bonnerman): 12-12-2—26; Chicago (on Riggin): 7-7-7—21.

Buffalo 2 2 1—6
Detroit 2 1 1—4
Foligno 2 (2), Davis 1 (2), Julila 1, Ruff 1, Ramsay 1; Williams 1, Foster 1, Boldirev 1, Ogrodnick 1 (2). Goalies: Sauve; Stefan. Shots on Goal: Buffalo (on Stefan) 9-14-9—32; Detroit (on Sauve) 7-11-7—25.

Boston 1 2 1—4
Hartford 0 2 0—2
Crowder 1, Fergus 1 (2), O'Reilly 1 (2), Ayers 1; Siltanen 1 (2), Neufeld 1). Goalies: Peeters and Daskalakis; Weeks. Shots on Goal: Boston (on Weeks) 9-8-5—22; Hartford (on Peeters and Daskalakis) 3-9-8—20.

Winnipeg 2 1 2—5
Toronto 0 1 1—2
McBain 1, Lundholm 1, MacLean 1, Boschman 1, Arniel 1; Korn 1, Ihnacak 1 (2). Goalies: Hayward; Bester. Shots on Goal: Winnipeg (on Bester) 18-15-10—43; Toronto (on Hayward) 8-6-7—21.

Edmonton 3 2 4—9
Quebec 2 0 0—2
Coffey 1 (2), Sherven 3 (3), Kurri 1, Semenko 1 (2), Krushelnyski 1, Gretzky 1, Carroll 1; McKegney 1 (2), Goulet 1 (2). Goalies: Fuhr; Sevigny. Shots on Goal: Edmonton (on Sevigny) 9-12-11—32; Quebec (on Fuhr) 17-10-15—42.

Minnesota 1 0 2—3
N.Y. Rangers 0 1 0—1
Ciccarelli 1, Bellows 1 (2), Solheim 1; Hedberg 1. Goalies: Beaupre; Hanlon. Shots on Goal: Minnesota (on Hanlon) 8-21-7—36; N.Y. Rangers (on Beaupre) 6-7-8—21.

St. Louis 1 2 2—5
Los Angeles 2 0 0—2
Ferderko 1, Mullen 1, Sutter 1 (3), Barr 1, Hickey 1 (2); Hakansson 1, Smith 1 (2). Goalies: Wamsley; Janecyk. Shots on Goal: St. Louis (on Janecyk) 9-8-7—24; Los Angeles (on Wamsley) 10-5-11—26.

Calgary 3 2 2—7
Vancouver 2 2 1—5
Quinn 1, Wilson 2 (3), Tambellini 1 (2), Kromm 1 (2), Jackson 1, Beers 1; Tantl 1 (3), Hall 1, MacAdam 2 (2), McNab 1 (2). Goalies: Edwards; Caprice. Shots on Goal: Calgary (on Caprice) 10-16-10—36. Vancouver (on Edwards) 13-8-10—31.

Baseball

World Series

GAME 5

San Diego	ab	r	h	bi	Detroit	ab	r	h	bi
Wiggins 2b	5	0	2	1	Whitakr 2b	3	1	1	0
Gwynn rf	5	0	0	0	Tramml ss	4	1	0	0
Garvey 1b	4	0	1	1	Gibson rf	4	3	3	5
Nettles 3b	3	0	1	0	Parrish c	5	2	2	1
Kennedy c	4	0	0	0	Herndon lf	4	0	1	0
Bevacq dh	2	2	1	1	Lemon cf	2	0	2	1
Martinz lf	4	0	2	0	Garbey dh	1	0	0	0
Salazar cf	0	0	0	0	Grubb ph	0	0	0	0
Tmpltn ss	4	1	1	0	Kuntz ph	0	0	0	1
Brown cf	2	1	1	1	Johnsn ph	1	0	0	0
Bochy ph	1	0	1	0	Evans 1b	5	0	0	0
Roenick pr	0	0	0	0	Bergmn 1b	0	0	0	0
					Castillo 3b	3	1	2	0
Totals	35	4	10	4	Totals	32	8	11	8

San Diego 001 200 010— 5
Detroit 300 010 13x— 8

Game Winning RBI — Kuntz (1).

E—Parrish, Wiggins. DP—San Diego 1. LOB—San Diego-7, Detroit-9. 2B—Templeton. HR—Gibson 2 (2), Parrish (1), Bevacqua (2). SB—Wiggins (1), Parrish (1), Lemon (2). S—Whitaker, Trammell. SF— Brown, Kuntz.

	IP	H	R	ER	BB	SO
San Diego						
Thurmond	1-3	5	3	3	0	0
Hawkins L 1-1	4	3	1	1	3	1
Lefferts	2	1	0	0	1	2
Gossage	1 2-3	3	5	5	1	2
Detroit						
Petry	3 2-3	6	3	2	2	2
Scherrer	1	1	0	0	0	0
Lopez W 1-0	2 1-3	0	0	0	0	4
Hernandez S 2	2	3	1	1	0	0

HBP—Grubb by Hawkins. WP—Hawkins. T—2:55. A—51,901.

Transition

FOOTBALL
National Football League

KANSAS CITY—Re-activated Jerry Blanton, linebacker. Waived Larry Ricks, running back.

L.A. RAIDERS—Placed Jim Plunkett, quarterback, on the injured reserved list.

MINNESOTA—Re-activated Joe Senser, tight end. Released Billy Waddy, wide receiver.

Redskins Outshine Cowboys, 34-14

New York Times Service

WASHINGTON — With one of their finest performances of the season, the Washington Redskins staked the Dallas Cowboys to a touchdown lead Sunday and then came roaring back with 34 consecutive points to win the first meeting of the year between these National Football League divisional opponents, 34-14.

The victory not only left the Redskins alone at the top of the National Conference East, with a 5-2 record, but it also improved their record against teams in their division to 3-0, which is an important factor in the NFL tie-breaking procedure that determines playoff teams and sometimes division champions.

As is usually the case when the Redskins win impressively, no one was more impressive than John Riggins, their tractor of a running back who Sunday became the fifth player in NFL history to run for more than 10,000 yards in a career. Riggins punctured the Dallas defense for 165 yards on 32 carries and now has a 13-year total of 10,141.

On Sunday, though, even Riggins was better than normal. His 165 yards were the most he has gained in eight seasons with the Redskins in a regular-season game. The total was only 20 yards off his best performance, the 185 yards he gained in a 1982 playoff game against the Minnesota Vikings.

The only negative fact about Riggins was that he failed to score a touchdown, thus breaking a streak of eight consecutive regular-season games, six this year, in which he ran for at least one score.

The Redskins scored their points on three touchdown passes by Joe Theismann (two short ones to the tight end Clint Didier and an 80-yarder to the wide receiver Calvin Muhammad), an interception return by the linebacker Monte Coleman and field goals of 20 and 22 yards by Mark Moseley.

Both of the Cowboys' scores came oo touchdown runs by Tony Dorsett, from 29 and 6 yards out.

Raiders 23, Vikings 20

In Los Angeles, Chris Bahr kicked a 20-yard field goal at the final gun to lift the Los Angeles Raiders to a 23-20 victory over Minnesota. The winning kick was Bahr's third field goal of the game. He had earlier made good from 22 and 24 yards and had a 44-yard attempt blocked in the first period.

Marcus Allen scored on a short run to open the fourth quarter, and in the closing minutes the Raiders forced Minnesota to punt from its end zone. Los Angeles got the ball at the Vikings' 37 with 3:00 left and began the winning drive. *(UPI)*

Steelers 20, 49ers 17

In San Francisco, the Pittsburgh Steelers capitalized on a late interception by Bryan Hinkle to deal San Francisco its first loss of the season, 20-17. Hinkle made a leaping, one-handed catch near midfield and returned the ball 43 yards, setting up Gary Anderson's 21-yard field goal which came with 1:42 remaining and broke a 17-17 tie. *(AP)*

Seahawks 31, Bills 28

In Seattle, Steve Largent caught a pair of touchdown passes from Dave Krieg, including a 51-yarder for the go-ahead score in the fourth quarter, to carry Seattle to a 31-28 victory over Buffalo.

In a *third-and-eight situation* at his 49 and with Buffalo in a blitz, Krieg found Largent opeo on the left side. Charles Romes, who was in single coverage on Largent, slipped at the 30 as the Seahawk receiver was making his final cut. Largent trotted into the end zone for the game's final score with 8:07 remaining. *(UPI)*

Torres Captures First Tennis Title

United Press International

TARPON SPRINGS, Florida — Michele Torres won her first major tennis title Sunday by knocking off Carling Bassett of Canada, 6-1, 7-6, in a $150,000 tournament here.

Torres, an American, won the match in less than two hours in her second final in as many months. She lost last month to Martina Navratilova, 6-1, 6-0. Torres turned professional in late August.

She earned $28,000 for the victory. Bassett, also looking for her first triumph, pocketed $14,000.

ART BUCHWALD

A Toast to the President

WASHINGTON — I was at a dinner party the other evening, and as is my custom after champagne is poured, I raised my glass and said. "To the president's good health."

The guests, predominantly Republicans, looked at me as if I had just spit on the floor.

"What the hell does that mean?" the host said angrily.

"It doesn't mean anything except I was proposing a toast to the health of the president of the United States."

Buchwald

"The president is in very good health," a White House aide said. "And no one has to toast it."

"I didn't say he wasn't. I was just wishing him more of the same."

"I'll bet," a rich lawyer said. "Reagan is the youngest 73-year-old man I know. You ought to see him on his ranch when he's chopping wood and riding a horse. It's just like the Democrats to bring up the age issue at this time since they have nothing else to talk about."

"I assure you my toast had nothing to do with politics. I didn't even know how old Mr. Reagan was until the debate. I thought he was still in his '50s. To me he'll always be 'The Gipper.'"

"You never would have thought to toast the president's health," a member of Reagan's kitchen cabinet said. "If the president hadn't agreed to lock horns with Mondale against everyone's better judgment."

"The debate had nothing to do with raising my glass to Mr. Reagan," I protested. "Although I'll admit he did look a little tired after 30 minutes."

"If Mondale didn't have so much makeup on he would have looked twice as old as Reagan," someone said.

"Look, I had no intention of bringing up the age issue in this campaign. If you want to know, The Wall Street Journal was the first one to make a big deal of it after the debate. Since the Journal is to the Republican Party what the l'Osservatore Romano is to the Vatican, I don't see why you people are so upset with me."

"The president's performance in the debate had nothing to do with his age. His staff just stuffed him with so many statistics that Reagan couldn't be Reagan."

"I agree," I said. "Mr. Reagan is always at his best when he's himself, reading from a TelePrompTer, or if his helicopter engines are going full blast as he's leaving for Camp David. The president was in an impossible position standing at a podium for 90 minutes, without his press spokesman, Larry Speakes, to cut off the questions."

"The Russian leaders are far older than Reagan," the rich lawyer's wife said. "And they seem to be doing a pretty good job of running the Soviet Union."

□

"I don't understand why everyone is so mad because I want to drink to the health of the president," I said.

"Why don't you propose a toast to Mondale's good health? It's a known fact he takes pills for hypertension."

"Because, frankly, I didn't think anyone at this table would join me in a toast to Mondale."

"Reagan could beat Mondale in an arm-wrestling contest any time he wanted to," my host said.

"That's probably true," I said. "But I doubt if he could beat Geraldine Ferraro. Gosh, I'm just a guest here, and I certainly didn't want to ruin the party by suggesting we raise our glasses to the health of the leader of the free world. I'll be glad to withdraw my toast if it will make you all happy. The bubbles are out of my glass anyway."

"You've ruined the party already," the hostess said. "It was the most malicious and rude thing anyone could do. Fortunately you're not going to change anybody's mind in this room. I never thought anyone would have the bad taste to bring up the president's health at a dinner party of mine. Shall we all go into the living room for coffee?"

Roman Villa Found on Crete

The Associated Press

ATHENS — Greek archaeologists excavating in the town of Kastelli Kissamou on Crete have unearthed parts of a luxurious Roman villa, dating from the third century A. D., which is decorated with multicolored mosaics and frescoes.

Sniffing Out Some Health Benefits From Garlic

By Jane E. Brody
New York Times Service

NEW YORK — Vitamin C enthusiasts, move over. Garlic may be as effective as your chosen nostrum in warding off the common cold. People throughout the world have used it for years as a "blood cleanser" and cold preventive.

At the very least, if you eat plenty of garlic every day, it should keep people who carry cold viruses at enough of a distance to prevent you from catching their infections.

More seriously, recent scientific evidence indicates that garlic is far more than an herbalist's pipe dream. The studies show that garlic may have distinctive health benefits, including protection against heart disease, stroke, cancer and diabetes, as well as antibiotic properties.

Garlic's health potential did not escape the notice of herbalists and physicians for thousands of years. The Codex Ebers, an Egyptian papyrus from around 1550 B. C., suggested 22 garlic-based remedies for ailments ranging from body weakness and headaches to tumors of the throat. Pliny the Elder, the Roman naturalist, touted garlic for 61 maladies, from hoarseness and hemorrhoids to epilepsy and tuberculosis; Hippocrates, the father of medicine, used it as a laxative and diuretic; Aristotle recommended it as a cure for rabies; Mohammed used it to treat scorpion stings, and the Greek physician Galen dubbed it the common folk's "heal-all."

It was noted that the garlic-eating French priests who attended victims of the plague during an 18th-century outbreak in London remained healthy, while the English priests, who shunned the odoriferous herb, caught the disease. But by World War I, the British had caught on and used garlic to control infection, while German soldiers used it to prevent gangrene in battle wounds. Garlic is popularly used to prevent and treat diarrhea, and a 1969 study showed garlic to be deadly to bacteria commonly associated with this condition.

Folk wisdom has long hailed garlic as a powerful protector against evil spirits. Sue Kreitzman, author of "Garlic," a folklore-laced cookbook published last summer by Harmony Books, notes that in the Middle Ages, cradles were garlanded with braids of garlic to keep fairies from stealing babies and that some Chinese, Greek and Jewish grandmothers still present cloves of garlic to new babies to ward off the "evil eye."

Most infamous is garlic's reputed power against vampires: To keep these bloodthirsty creatures from your jugular, cover all doors and windows with clusters of garlic and wear some around your neck.

Garlic has been cultivated in China since time immemorial. It was mentioned in Sanskrit, one of the first written languages, as a staple in the diet of the ancient Sumerians. It was consumed daily by the Egyptian laborers who built the pyramids, and it was found in the tomb of King Tutankhamen.

The botanical name for garlic, *Allium sativum*, was probably derived from the Celtic word *"all,"* meaning hot or burning. Its aromatic properties are attributable to an amino acid called alliin found in garlic oil. Alliin has no distinctive odor, but when a clove of garlic is sliced or bruised, damage to cell membranes allows alliin to come into contact with an enzyme that converts it to allicin, the potent chemical we readily identify with garlic odor.

In cooking, you can control the amount of allicin produced by how you cut the garlic: A whole clove unpeeled or gently peeled after parboiling gives off little or none of this chemical; bruising or slicing a clove produces some, but mincing or pressing it releases the maximum allicin.

Long, slow cooking destroys allicin. That is why certain soups and stews can be prepared with 20 to 40 cloves of garlic and still be edible. After 40-clove garlic chicken is cooked for an hour and a half, for example, the whole cloves are mellow and almost sweet. It is true, however, that consumption of raw or minimally cooked garlic can result in a distinctive reek, not just from one's breath but also from every pore in the body.

Why eat whole cloves of garlic, or any garlic at all? For one reason, it may help to prevent heart disease. In countries where garlic is consumed regularly, the incidence of heart disease is very low. This observation, according to recent findings, may be more than coincidental. Garlic can help to lower blood levels of cholesterol, the waxy substance that is a chief culprit in coronary heart disease.

In a study conducted by Dr. Arun Bordia at Tagore Medical College in India, 20 people were fed garlic oil daily for six months. Serum cholesterol levels dropped an average of 17 percent and triglycerides, another heart-damaging blood fat, dropped by 20 percent during garlic administration. In addition, the garlic diet was associated with an increase in a protective blood substance known as high-density lipoproteins, HDLs, and a decrease in their heart-damaging counterparts, low-density lipoproteins, or LDLs.

Animal researchers at the Wistar Institute in Philadelphia and at the University of Wisconsin showed that garlic oil in the feed significantly reduced cholesterol levels in rabbits, chickens and rats.

Previous studies by the Indian researcher and his colleagues, and by a research team in Washington led by Dr. J. Martyn Bailey showed that garlic oil can inhibit clot formation, which in turn would reduce the risk of heart attack and stroke. In another study, researchers isolated a substance from both garlic and onions that keeps blood platelets from sticking together. The clumping of these cells is a crucial step in the formation of blood clots. A substance other than allicin seems to be responsible for this property, so it may be possible in this case to separate the benefit from the stench.

In both China and Japan, garlic has been used for centuries in the treatment of high blood pressure, and the Japanese food and drug administration has approved garlic therapy for this purpose.

At the U. S. Department of Agriculture, Dr. Mei Ling Chang and Margaret Johnson showed that garlic can also reduce blood sugar levels and raise the amount of insulin in the blood, which may prove beneficial to diabetics. In one study in rabbits, garlic juice was shown to be almost as effective as the drug tolbutamide in lowering blood sugar.

Possible anticancer activity of garlic has been noted in several animal studies, variously attributed to the enzyme allinase and the trace metals germanium and selenium, all of which are found in garlic.

But far clearer are garlic's antibiotic properties. At the Medical College of Virginia, a water extract of garlic was shown to inhibit growth of a fungus that causes a form of meningitis. At the University of Indiana, Dr. Michael Tansey, who also studied a water extract, showed that garlic could slow or stop the growth of various fungi and molds, including *Candida albicans*, a yeast that commonly causes vaginitis, and *Histoplasma capsulatum*, a fungus carried by dust that causes a disease similar to tuberculosis, as well as fungi that cause athlete's foot and ringworm.

At the University of Minnesota, research chemists have devised a way to synthesize garlic's active ingredient — technically, allyl methyl trisulfide — the first important step in manufacturing it as a drug.

Meanwhile, for those who have only the culinary herb to rely on, two methods of countering garlic's social liabilities have been suggested. One is to chew lots of fresh parsley after eating garlic (the herb's chlorophyll is said to act as nature's mouthwash). The other is to get everyone you know to eat garlic too.

From "The Gardener's Catalog" (William Morrow, 1975)

PEOPLE

Jaclyn Smith Will Play Different Kind of Angel

Jaclyn Smith, one of the stars of the U. S. TV series "Charlie's Angels," arrived in Britain Monday to play a new role — **Florence Nightingale.** Smith will star in a British Broadcasting Corporation TV biography of the upper-class English lady whose treatment of British casualties in the 1854 Crimean War transformed the Victorian nursing profession. . . . **Lauren Bacall** says she is not through with movies yet and still longs to star in a "wonderful" film. "If you hang around long enough, they have to use you," Bacall told the Foreign Correspondents' Club of Japan in Tokyo. The 60-year-old actress is making her first visit to Japan to mark the publication of the translation of her autobiography, "By Myself," into Japanese. . . . Britain's **Prince Philip** is in Japan for a six-day visit to promote conservation of wildlife, including China's endangered giant panda. The prince will also publicize a campaign to protect endangered plants.

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Governor George C. Wallace, 65, of Alabama, released from a Birmingham hospital after a two-week stay, says he's feeling good and will return to work this week. Wallace was treated for a urinary tract infection. . . . The **Reverend Martin Luther King Sr.** will continue to take medication and be monitored by a cardiologist after being discharged from an Atlanta hospital where he was treated for a chronic heart ailment, his doctor says. The father of the late civil rights leader is 84.

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Oil billionaire and movie mogul **Marvin Davis** and his wife, **Barbara**, staged the seventh annual Carousel Ball in Denver during the weekend, a star-studded affair to raise funds for the Children's Diabetes Foundation. The ball, which raised more than $2 million, attracted such guests as **Linda Evans** and **John Forsythe**, who star in the TV hit "Dynasty;" former President **Gerald Ford; Henry Kissinger; Priscilla Presley; Lucille Ball;** and **Cathy Lee Crosby.** Others rubbing elbows and clinking wine glasses were Olympic gold medalist **Mary Lou Retton;** singer **Lionel Ritchie,** who was named recipient of the ball's Man of the Year Award; and singer **Kenny Rogers,** who recently sold his home to Davis for a cool $20 million.

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